



**35th Annual Report  
2019-20**

**BOARD OF DIRECTORS**

|                         |   |                                                  |
|-------------------------|---|--------------------------------------------------|
| Mr. Arihant Baid        | – | <i>Managing Director</i>                         |
| Mr. T.M. Gopalakrishnan | – | <i>Whole-time Director</i>                       |
| Mr. Y. Ravinder Reddy   | – | <i>Independent Director</i>                      |
| Ms. Sadhana Bhansali    | – | <i>Independent Director &amp; Woman Director</i> |
| Mr. Vinod Choraria      | – | <i>Independent Director (w.e.f. 16.07.2019)</i>  |
| Mr. Laxmipat Baid       | – | <i>Chief Financial Officer</i>                   |
| Mr. Rajesh Vankadara    | – | <i>Company Secretary (w.e.f. 15.02.2020)</i>     |

**REGISTERED OFFICE & WORKS**

Sy. No. 133, IDA Bollaram, Jinnaram Mandal  
Sangareddy District – 502 325, Telangana State, India.

**CORPORATE OFFICE**

‘Akash Ganga’, 3rd Floor, Plot # 144, Srinagar Colony  
Hyderabad – 500 073, Telangana State, India.

**STATUTORY AUDITORS**

M/s. PPKG & Co.,  
Chartered Accountants  
5-8-352, 7th Floor, Raghava Ratna Towers  
Chirag Ali Lane, Abids, Hyderabad – 500 001, Telangana State, India.

**BRANCH AUDITORS**

M/s. R. Pogalia & Co.,  
Chartered Accountants  
Kolkata, West Bengal State, India.

**SECRETARIAL AUDITORS**

B S S & Associates  
Company Secretary  
Parameswara Apartments, # 6-3-626, 5th Floor, 5-A, Anand Nagar  
Khairatabad, Hyderabad – 500 004, Telangana State, India.

**COST AUDITORS**

M/s. Sai Krishna & Associates  
Practicing Cost Accountants  
1-1-780/1&2, F-308, Sumanjali Apartments  
Gandhinagar, Hyderabad - 500 080, Telangana State, India.

**REGISTRAR & SHARE TRANSFER AGENTS**

R&D Infotech Pvt. Ltd.  
1st Floor, 7A, Beltala Road, Naresh Mitra Sarani  
Kolkata – 700 026, West Bengal State, India

**BANKERS**

Axis Bank, Corporate Banking Branch,  
Air Conditioned Market, No 1, 3rd Floor, Shakespeare Sarani Road  
Kolkata – 700071, West Bengal State, India.

**Website:**

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

**CIN:**

L24230TG1990PLC011168

**Stock Exchange:**

Bombay Stock Exchange (BSE Ltd.)

**Security ID and Scrip Code:**

GENNEX & 531739

**ISIN:**

INE509C01026



## NOTICE

Notice is hereby given that the 35<sup>th</sup> Annual General Meeting of the Members of **GENNEX LABORATORIES LIMITED** will be held through Video Conferencing (VC) / Other Audio Visual Means (OAVM) on Tuesday, September 29, 2020 at 12:30 Hrs to transact the following business:

### Ordinary Business:

#### 1. Adoption of financial statements

To receive, consider, approve and adopt the Standalone and Consolidated Audited Financial Statements of the company for the Financial Year ended March 31, 2020, together with the Reports of the Directors and Auditors thereon.

#### 2. Re-appointment of Shri Arihant Baid, as a Director liable to retire by rotation

To appoint a director in place of Shri Arihant Baid (DIN:01171845), who retires by rotation and, being eligible, seeks reappointment.

### Special Business

#### 3. Ratification and Remuneration to Cost Auditors of the Company.

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Sai Krishna & Associates, Practicing Cost Accountants (Registration No.001742), appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company, be paid a remuneration, for the Financial Year ending March 31, 2021, of Rs.50,000 (Rupees Fifty Thousand Only) Plus Goods

and Service Tax & reimbursement of out of pocket expenses, charges for Cost Audit Report CRA-4 (XBRL) filing is Rs.10,000 plus applicable GST in connection with the aforesaid audit.”

#### 4. Re-appointment of M/s. R Pogalia & Company, Chartered Accountants as Branch Auditors:

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

**“RESOLVED THAT** pursuant to the provisions of Section 143(8) and all other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. R. Pogalia & Company, Chartered Accountants (Firm Registration No. 318188E) be and are hereby re-appointed as Branch Auditors of the Company’s for Kolkata Office (#60B, 03<sup>rd</sup> Floor, Chowringhee Road, Kolkata – 700 020) to hold the office from the Conclusion of this Annual General Meeting till the Conclusion of 38<sup>th</sup> Annual General Meeting of the Company, for the auditing the accounts of the said Branch of the Company at such remuneration as may be determined by the Board of Directors of the Company or a Committee thereof

#### 5. Power to Borrow Funds on behalf of the Company:

*To consider and if thought fit, to pass the following resolution as a Special Resolution:*

**“RESOLVED THAT** pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modification(s) or re-enactment thereof, for the time being in force, and the



Articles of Association of the Company, consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board), to borrow any sum or sums of money from time to time at its discretion, for the purpose of the business of the Company, from any one or more Banks, Financial Institutions and other Persons, Firms, Bodies Corporate, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) may, at any time, exceed the aggregate of the paid-up share capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose), subject to such aggregate borrowings not exceeding the amount which is Rs. 50 Crores (Rupees Fifty Crores only) over and above the aggregate of the paid-up share capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) and that the Board be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may, in its absolute discretion, think fit.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.”

**6. Creation of Charges on the movable and**

**immovable properties of the Company, both present and future, in respect of borrowings.**

*To consider and if thought fit, to pass the following resolution as a Special Resolution:*

**“RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with the Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modification(s) or re-enactment thereof, for the time being in force, and the Articles of Association of the Company, consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board) for creation of charge / mortgage / pledge / hypothecation / security in addition to existing charge / mortgage / pledge / hypothecation / security, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and / or immovable properties, tangible or intangible assets of the Company, both present and future and / or the whole or any part of the undertaking(s) of the Company, as the case may be in favour of the Lender(s), Agent(s) and Trustee(s), for securing the borrowings availed / to be availed by the Company by way of loan(s) (in foreign currency and / or rupee currency) and securities (comprising fully / partly convertible debentures and / or nonconvertible debentures with or without detachable or non-detachable warrants and / or secured premium notes and / or floating rate notes / bonds or other debt instruments), issued / to be issued by the Company including deferred tax loans availed / to be availed by various Units of the Company, from time to time, subject to the limits approved under Section 180(1)(c)



of the Act together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s) / Trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the loan agreement(s), debenture trust deed(s) or any other document, entered into / to be entered into between the Company and the Lender(s) / Agent(s) / Trustee(s) / State Government(s) / Agency(ies) representing various state government and / or other agencies etc. in respect of the said loans / borrowings/debentures/securities/deferred sales tax loans and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the Lender(s) /Agent(s) /Trustee(s) /State Government(s) /Agency(ies), etc.

**RESOLVED FURTHER THAT** the securities to be created by the Company as aforesaid may rank prior/pari-passu/subservient with/to the mortgages and /or

charges already created or to be created in future by the Company or in such other manner and ranking as may be thought expedient by the Board and as may be agreed to between the concerned parties.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to finalize, settle, and execute such documents / deeds / writings / papers / agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages / charges as aforesaid.”

By Order of the Board of Directors  
for **Gennex Laboratories Limited**

**Arihant Baid**  
Managing Director  
(DIN 01171845)

Place:Hyderabad  
Date :September 03, 2020



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**NOTES**

1. In view of the prevailing COVID-19 pandemic, the Ministry of Corporate Affairs (the “MCA”) vide its General Circulars No. 14/2020, No. 17/2020 and No. 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020 respectively (hereinafter, collectively referred as the “MCA Circulars”) read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, has allowed companies to conduct their annual general meetings through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”), thereby, dispensing with the requirement of physical attendance of the members at their AGM and accordingly, the 35th Annual General Meeting (the “AGM” or the “Meeting”) of Gennex Laboratories Limited (the “Company”) will be held through VC or OAVM in compliance with the said circulars and the relevant provisions of the Companies Act, 2013 (as amended) (the “Act”) and Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (the “Listing Regulations”). Members attending the AGM through VC or OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

2. IN TERMS OF THE MCA CIRCULARS AND SEBI CIRCULAR NO. SEBI/HO/CFD/CMD1/CIR/P/2020/79 DATED MAY 12, 2020, THE REQUIREMENT OF SENDING PROXY FORMS TO HOLDERS OF SECURITIES AS PER PROVISIONS OF SECTION 105 OF THE ACT READ WITH REGULATION 44(4) OF THE LISTING REGULATIONS, HAS BEEN DISPENSED WITH. THEREFORE, THE FACILITY TO APPOINT PROXY BY THE MEMBERS WILL NOT BE AVAILABLE AND CONSEQUENTLY, THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED TO THIS NOTICE CONVENING THE 35TH AGM OF THE COMPANY (THE “NOTICE”).

However, in pursuance of Section 113 of the Act and Rules framed thereunder, the corporate members are entitled to appoint authorized representatives for the purpose of voting through remote e-Voting or for the participation and e-Voting during the AGM, through VC or OAVM. Institutional Shareholders (i.e., other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Power of Attorney/ appropriate Authorization Letter together with attested specimen signature(s) of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at **rbhattad@gmail.com**; with a copy marked to **evoting@nsdl.co.in**

3. Since the AGM will be held through VC or OAVM, no Route Map is being provided with the Notice.
4. In case of Joint-holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.
5. An Explanatory Statement pursuant to Section 102 of the Act and Rules framed thereunder, in respect of the Special Business under Item Nos. 3, 4, 5 and 6 is annexed hereto. The recommendation of the Board of Directors of the Company (the “Board”) in terms of Regulation 17(11) of the Listing Regulations is also provided in the said Statement. Necessary information of the Directors seeking re-appointment at the AGM as required under Regulation 36(3) of the Listing Regulations and the Revised Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) is also appended to the Notice.

**6. Dispatch of Annual Report through E-mail**

In accordance with the MCA Circulars and the said SEBI Circular dated May 12, 2020, the Notice along with the Annual Report of the Company for the financial year ended March 31, 2020, will be sent only through e-mail, to those Members whose e-mail addresses are registered with the Company or the Registrar and Share Transfer Agent (the “RTA”), i.e.,



M/s.R & D Infotech Private Limited or the Depository Participant(s). The Notice and the Annual Report for the financial yearended March 31, 2020 shall be available on the websites of the Company viz., [www.gennexlab.com](http://www.gennexlab.com) and of the Stock Exchanges where Equity Shares of the Company are listed. The Notice shall also be available on the e-Voting website of the agency engaged for providing e-Voting facility, i.e., National Securities Depository Limited (NSDL), viz., [www.evoting.nsdl.com](http://www.evoting.nsdl.com)

**7. PROCEDURE FOR ATTENDING THE AGM THROUGH VC OR OAVM**

Members will be able to attend the AGM through VC or OAVM or view the live webcast of the AGM provided by NSDL at <https://www.evoting.nsdl.com> by using their remote e-Voting login credentials and selecting the EVEN for the AGM.

**Further details in this regard are annexed separately and form part of this Notice.**

**8. PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM**

In accordance with the provisions of Section 108 and other applicable provisions, if any, of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 and amendments thereto, read together with the MCA Circulars and Regulation 44 of the Listing Regulations, the Company has engaged the services of NSDL to provide remote e-Voting facility and e-Voting facility during the AGM to all the eligible Members to enable them to cast their votes electronically in respect of the businesses to be transacted at the Meeting. **The instructions to cast votes through remote e-Voting and through e-Voting system during the AGM are annexed separately and form part of this Notice.**

**The remote e-Voting period will commence on Friday, September 25, 2020 (09:00 A.M. IST) and will end on Monday, September 28, 2020 (5:00 P.M. IST).** During this period, the Members of the Company, holding shares either in physical or dematerialized mode, as on the cut-off date, i.e., Monday, September 21, 2020, may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting thereafter.

Only those Members who are present in the Meeting through VC or OAVM facility and have not cast their votes on resolutions through remote e-Voting and are otherwise not barred from doing so, shall be allowed to vote through e-Voting system during the AGM. However, Members who would have cast their votes by remote e-Voting may attend the Meeting, but shall neither be allowed to change it subsequently nor cast votes again during the Meeting and accordingly, their presence shall also be counted for the purpose of quorum under Section 103 of the Act. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on **Monday, September 21, 2020** being the cut-off date, are entitled to vote on the Resolutions set forth in the Notice. The voting rights of the Members shall be in proportion to their share(s) of the paid-up equity share capital of the Company as on the cut-off date. **A person who is not a member as on the cut-off date, i.e., Monday, September 21, 2020 should treat this Notice for information purpose only.**

The Board of Directors has appointed **Mr. Ramesh Kumar Bhattad** as the Scrutinizer for scrutinizing the process of remote e-Voting and also e-Voting during the Meeting in a fair and transparent manner. The Scrutinizer shall, immediately after the conclusion of the Meeting, count the votes cast at the Meeting and thereafter, unblock the votes cast through remote e-Voting in presence of at least two witnesses not in employment of the Company and submit a Consolidated Scrutinizer's Report of the total votes cast in favor or against, if any, not later than 48 hours after the conclusion of the Meeting. Thereafter, the Results of e-Voting shall be declared forthwith by the Chairman or by any other director/person duly authorised in this regard. The Results declared along with the Report of the Scrutinizer shall be placed on the Company's website ([www.gennexlab.com](http://www.gennexlab.com)) and on the e-Voting website of NSDL ([www.evoting.nsdl.com](http://www.evoting.nsdl.com)) immediately after the results are declared and shall



simultaneously be communicated to the Stock Exchanges where the equity shares of the Company are listed. The results declared along with the said Report shall also be made available for at least 3 days on the Notice Boards of the Company at its Registered Office in Hyderabad and at the Corporate Office in Hyderabad.

Subject to the receipt of requisite number of votes, the businesses mentioned in the Notice / the resolution(s) forming part of the Notice shall be deemed to be passed on the date of the AGM, i.e., Tuesday, September 29, 2020.

Members holding shares in physical mode or whose e-mail addresses are not registered, may cast their votes through e-Voting system, after registering their e-mail addresses by sending the following documents to the Company at share. **investorrelations@gennexlab.com/cs@gennexlab.com**; or to the RTA at **info@rdinfotech.net**:

- i. Scanned copy of a signed request letter, mentioning the name, folio number/demat account details & number of shares held and complete postal address;
- ii. Self-attested scanned copy of PAN Card; and
- iii. Self-attested scanned copy of any document (such as AADHAAR card / latest Electricity Bill / latest Telephone Bill / Driving License / Passport / Voter ID Card / Bank Passbook particulars) in support of the postal address of the Member as registered against their shareholding.

Members, who hold shares in physical mode and already having valid e-mail addresses registered with the Company / the RTA, need not take any further action in this regard.

#### **9. Procedure to raise Questions / seek Clarifications**

- a) As the AGM is being conducted through VC or OAVM, the Members are encouraged to express their views / send their queries well in advance for smooth conduct of the AGM but not later till the Conclusion of the AGM, mentioning their names, folio numbers / demat account numbers, e-mail addresses and mobile numbers at **investorrelations@gennexlab.com**; and only such questions / queries received by the Company till the said date and time shall be considered and responded during the AGM.
- b) Members willing to express their views or ask questions during the AGM are required to register themselves as speakers by sending their requests from Monday, September 21, 2020 (9:00 A.M. IST) to till the conclusion of AGM at **investorrelations@gennexlab.com**; from their registered e-mail addresses mentioning their names, folio numbers/demat account numbers, PAN details and mobile numbers. Only those Members who have registered themselves as speakers will be allowed to express their views/ask questions during the AGM. The Chairman of the Meeting / the Company reserves the right to restrict the number of questions, time allotted and number of speakers to ensure smooth conduct of the AGM.
- c) Members seeking any information on the financial accounts, operations or any matter to be placed at the AGM, are requested to write to the Company till the Conclusion of AGM through e-mail at **investorrelations@gennexlab.com** and the same will be suitably replied by the Company.

#### **10. Procedure for inspection of documents**

All documents referred to in the Notice and the Explanatory Statement shall be made available for inspection by the Members of the Company, without payment of fees upto and including the date of AGM. Members desirous of inspecting the same may send their requests at **investorrelations@gennexlab.com** from their registered e-mail addresses mentioning their names and folio numbers / demat account numbers.



During the AGM, the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts or arrangements in which Directors are interested maintained under Section 189 of the Act shall be made available for inspection upon login at NSDL e-Voting system at **<https://www.evoting.nsdl.com>**

**11. Book Closure Period**

The Share Transfer Books and Register of Members of the Company will remain closed from Tuesday, September 22, 2020 to Tuesday, September 29, 2020 (both days inclusive) for the purpose of the AGM.

- a. those Members whose names appear in the Register of Members of the Company at the end of business hours on Monday, September 21, 2020, after giving effect to all valid share transfers in physical mode lodged with the Company/the RTA on or before Monday, September 21, 2020.
- b. those 'Beneficial Owners' entitled thereto, in respect of shares held in demat mode, whose names shall appear in the statements of beneficial ownership at the end of business hours on Monday, September 21, 2020 as furnished by respective Depositories, viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

**Members holding shares in the demat mode should update their e-mail addresses and Bank mandates directly with their respective Depository Participants.**

Pursuant to the changes introduced by the Finance Act, 2020 in the Income-tax Act, 1961 (the "IT Act"), w.e.f. April 1, 2020, the dividend paid or distributed by a company shall be taxable in the hands of the shareholders. Accordingly, in compliance with the said provisions, the Company shall make the payment of dividend after necessary deduction of tax at source. The withholding tax rates would vary depending on the residential status of every shareholder and the eligible documents submitted by them and accepted by the Company. Members are hereby requested to refer to the IT Act in this regard. In general, to enable compliance with TDS requirements, Members are requested to update the details like Residential Status, PAN and category as per the IT Act with their Depository Participants or in case shares are held in physical mode, with the Company / RTA

**A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by e-mail to [info@rdinfotech.net](mailto:info@rdinfotech.net) on or before Monday, September 21, 2020.** Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. However, in case of individuals, TDS would not apply if the aggregate of total dividend distributed to them during financial year 2020-21 does not exceed Rs.5,000. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents, i.e., No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by e-mail to [info@rdinfotech.net](mailto:info@rdinfotech.net) on or before Monday, September 21, 2020.

**12. Nomination Facility**

Members holding shares under a single name in physical mode are advised to make nomination in respect of their shareholding in the Company. The Nomination Form can be downloaded from the Company's website, i.e., **[www.gennexlab.com](http://www.gennexlab.com)** from "Investor Information" under "Investor Relations" category. Members holding shares in demat mode



should file their nomination with their respective Depository Participant(s).

13. Pursuant to Regulation 40 of the Listing Regulations, the securities of listed companies can be transferred only in the dematerialized mode w.e.f. April 1, 2019, except in case of transmission or transposition of securities. In this regard, SEBI has clarified by a Press Release No. 12/2019 dated March 27, 2019, that the said amendments do not prohibit an investor from holding the shares in physical mode and the investor has the option of holding shares in physical mode even after April 1, 2019. However, any investor who is desirous of transferring shares (which are held in physical mode) after April 1, 2019 can do so only after the shares are dematerialized. However, requests for transfer of shares held in physical mode, as filed in Form SH-4, prior to April 1, 2019 and returned to the investors due to deficiency in the documents, may be resubmitted for transfer even after April 1, 2019 provided it is submitted alongwith the necessary documents including PAN details. In exceptional cases, the transfer of physical shares is subject to the procedural formalities as prescribed under SEBI Circular No. SEBI/HO/MIRSD/DOS3/CIR/P/2018/139 dated November 6, 2018.

**THE FOLLOWING INSTRUCTIONS SHOULD BE READ IN CONJUNCTION WITH THE NOTICE OF 35<sup>TH</sup> ANNUAL GENERAL MEETING OF GENNEX LABORATORIES LIMITED DATED SEPTEMBER 29, 2020:**

**VOTING THROUGH ELECTRONIC MEANS**

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013 (the “Act”) and Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (the “Listing Regulations”) read with the General Circulars issued by the Ministry of Corporate Affairs (the “MCA”) bearing Nos. 14/2020, 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020 respectively (hereinafter, collectively referred as the “MCA Circulars”) and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, the Company is pleased to facilitate its Members, to transact businesses as mentioned in Notice convening the 35<sup>th</sup> Annual General Meeting (the “AGM” or the “Meeting”), by voting through electronic means (e-Voting). In this regard, the Company has engaged the services of National Securities Depository Limited (NSDL) as the Agency to provide remote e-Voting facility and eVoting at the AGM.
- II. THE INSTRUCTIONS / PROCEDURE FOR REMOTE E-VOTING ARE AS UNDER: The remote e-Voting period will commence on Friday, September 25, 2020 (9:00 A.M. IST) and will end on Monday, September 28, 2020 (5:00 P.M. IST). The remote e-Voting module shall be disabled by NSDL for voting thereafter. Also, the e-Voting facility will be made available during the AGM. To vote electronically on NSDL e-Voting system, please follow the steps which are mentioned below:

Step 1: Login to NSDL e-Voting system at <https://www.evoting.nsdl.com>

Step 2: Cast your vote electronically on NSDL e-Voting system.

**DETAILS ON STEP 1 ARE GIVEN BELOW:**

To Login to NSDL e-Voting website:

1. Open the web browser by typing the URL: <https://www.evoting.nsdl.com> either on a Personal Computer or on a Mobile.
2. Click on icon “Login” available under “Shareholder / Member” section.
3. Enter your User Id, Password and also a verification code as shown on the screen.

Alternatively, if you are registered for NSDL e-services, i.e., IDEAS, you can login at <https://eservices.nsdl.com> with your existing IDEAS login. Once you login to NSDL e-services after using your login credentials, click on e-Voting and you can proceed to Step 2 directly to cast your vote electronically.



| Manner of holding shares, i.e., in Demat Account or in Physical Mode                                    | Your User Id is:                                                                                                                                     |
|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. For Members who hold shares in Demat Account with NSDL                                               | 8 Character DP Id followed by 8 Digit Client Id. For example if your DP Id is IN300*** and Client Id is 12***** then your User Id is IN300***12***** |
| b. For Members who hold shares in Demat Account with Central Depository Services (India) Limited (CDSL) | 16 Digit DP Id and Client Id. For example if your DP Id and Client Id is 12***** then your User Id is 12*****                                        |
| c. For Members holding shares in Physical Mode                                                          | EVEN followed by Folio Number registered with the Company. For example if Folio Number is 001*** and EVEN is 114435 then User Id is 114435001***     |

5. Password details are given below:
  - a. If you are already registered with NSDL for remote e-Voting then you can use your existing User Id and Password to login and cast your vote.
  - b. If your e-mail id is registered in your Demat Account or with the Company, your 'Initial Password' is communicated to you on your e-mail id. Trace the e-mail sent to you from NSDL in your mailbox.
  - c. If you are using NSDL e-Voting system for the first time, you are required to retrieve the "Initial Password" which was communicated to you. Once you retrieve your "Initial Password", you need to enter the "Initial Password" and the system will direct you to change your "Initial Password".
  - d. Process to retrieve your "Initial Password"
    - (i) Open the e-mail and thereafter open the attached PDF file viz.: "GennexLaboratoriesLimited\_eVoting.pdf". The Password to open the pdf file is your 8 digit Client Id of NSDL Demat Account or the last 8 digits of Client Id of CDSL Demat Account or Folio Number for shares held in Physical mode. The said PDF file also contains your User Id and "Initial Password" for e-Voting purpose.
    - (ii) If your e-mail Id is not registered, please follow steps mentioned below under "Instructions for Members whose e-mail ids are not registered".
6. If you are unable to retrieve or have not received the "Initial Password" or have forgotten your Password:
  - (a) If you are holding shares in your demat account with NSDL or CDSL, click on icon "Forgot User Details / Password?" available on <https://www.evoting.nsdl.com>
  - (b) If you are holding shares in physical mode, click on icon "Physical User Reset Password?" available on [www.evoting.nsdl.com](https://www.evoting.nsdl.com).
  - (c) If you are still unable to get the Password by following aforesaid two options, you can send your request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your name, your DP Id and Client Id / Folio Number, your PAN and your registered postal address.
  - (d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. Tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now click on icon "Login".
9. Home page of e-Voting will open



**DETAILS ON STEP 2 ARE GIVEN BELOW:**

Process to cast your vote electronically on NSDL e-Voting system

1. Click on e-Voting: “Active Voting Cycles”.
2. Select “EVEN” of Gennex Laboratories Limited.
3. Now you are ready for e-Voting as the voting page opens.
4. Cast your vote by selecting appropriate options, i.e., assent or dissent, verify / modify the number of shares for which you wish to cast your vote and thereafter click on icon “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you have confirmed after voting on the Resolution, you will not be allowed to modify your vote.

**III. THE INSTRUCTIONS / PROCEDURE FOR MEMBERS FOR E-VOTING AT THE AGM ARE AS UNDER:**

1. The procedure for e-Voting on the day of AGM is same as the instructions mentioned above for remote e-Voting.
2. Only those Members, who will be present in the AGM through VC or OAVM facility and have not cast their votes on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of AGM shall be the same person mentioned for remote eVoting.

**GENERAL GUIDELINES FOR MEMBERS**

1. Institutional Shareholders (i.e., other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter, etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to **rbhattad@gmail.com**; with a copy marked to **evoting@nsdl.co.in**
2. It is strongly recommended not to share your Password with any other person and you must take utmost care to keep your Password confidential. Login to e-Voting website will be disabled upon five unsuccessful login attempts with incorrect details. In such an event, you will require to reset the Password by clicking on the icon “Forgot User Details / Password” or “Physical User Reset Password” available on **www.evoting.nsdl.com**
3. In case of any queries, you may refer the “Frequently Asked Questions on e-Voting (For Shareholders).pdf” and “e-Voting Manual - Shareholder.pdf” available at the “Download” section of NSDL e-Voting website, i.e., **www.evoting.nsdl.com** or call on Toll Free No.: 1800 222 990 or contact Mr. Amit Vishal, Senior Manager/ Ms. Pallavi Mhatre, Manager of NSDL at Telephone Nos.: (022) 24994360 / (022) 24994545 or at e-mail id: **evoting@nsdl.co.in** or at NSDL, ‘Trade World’, ‘A’ Wing, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai - 400013. For any further assistance, you may contact Mr. Rajesh Vankadara, Company Secretary at Telephone No.: (040) 67334400.
4. The helpline number regarding any query / assistance for participation in the AGM through VC or OAVM is 1800 222 990.
5. The voting rights of the Members shall be in proportion to their share(s) of the paid-up equity share capital of the Company as on the cut-off date, i.e., Monday, September 21, 2020.



6. Any person, who acquires shares in the Company and becomes a Member of the Company after dispatch of the Notice of the AGM and holding shares as on the cut-off date, i.e., Monday, September 21, 2020, may obtain the Login User Id and Password by sending a request at **evoting@nsdl.co.in** or **investorrelations@gennexlab.com**. However, if you are already registered with NSDL for e-Voting then you can use your existing User Id and Password for casting your votes.
7. A person whose name appears in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM venue through electronic means, if not participated through remote e-voting.

**Instructions for Members whose e-mail ids are not registered:**

The process for those members whose e-mail ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-voting for the businesses mentioned in the Notice convening the AGM are as follows:

1. In case shares are held in physical mode, please provide Folio Number, Name of Shareholder, Number of Equity Shares held, Scanned copy Share Certificate (both side) alongwith self-attested scanned copy of any document (such as AADHAAR card / latest Electricity Bill / latest Telephone Bill / Driving License / Passport / Voter ID Card / Bank Passbook particulars) in support of the postal address of the Member as registered against their shareholding by e-mail to **investorrelations@gennexlab.com**;
2. In case shares are held in demat mode, please provide Name, DP Id & Client Id, Client Master or copy of Consolidated Account Statement alongwith self-attested scanned copy of PAN and AADHAAR by e-mail to **investorrelations@gennexlab.com**;
3. Alternatively Member may send an e-mail request to **evoting@nsdl.co.in** for obtaining User Id and Password by proving the details mentioned in Point (1) or (2) as the case may be.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC OR OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC or OAVM through the NSDL e-Voting system. Members may access the same at **<https://www.evoting.nsdl.com>** under Shareholder / Member login by using the remote e-Voting credentials. The link for VC or OAVM will be available in Shareholder / Member login where the EVEN of Company will be displayed.
2. Members can join the AGM through the VC or OAVM mode 15 minutes before the scheduled time of the commencement of the Meeting by following the procedure, attached separately and forms part of the Notice.
3. Members who do not have the User Id and Password for e-Voting or have forgotten the User Id and Password may retrieve the same by following the remote e-Voting instructions mentioned above to avoid last minute rush. Further Members can also use the OTP based login for logging into the e-Voting system of NSDL.
4. Members are encouraged to join the Meeting through Laptops and allow camera for better experience. Members connecting through Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation/ bandwidth issues in their respective networks. It is, therefore, recommended to use a good speed internet connection, preferably stable Wi-Fi or LAN Connection, to mitigate any kind of aforesaid glitches and to avoid any disturbance(s) during the AGM.
5. Members who need any assistance before or during the AGM, may contact on the helpline number or other contact details provided above.
6. Members under the category of Institutional Investors are encouraged to attend the AGM



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**ANNEXURE TO NOTICE OF AGM**

**Statement pursuant to Section 102(1) of the Companies Act, 2013 (“the Act”)**

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**Item No. 3:**

The Board of Directors at its Meeting held on September 03, 2020, upon the recommendation of the Audit Committee, approved the appointment of M/s. Sai Krishna & Associates, Practicing Cost Accountants (Registration No.001742), to conduct the audit of the Cost records of the Company on a remuneration of Rs.50,000/- (Indian Rupees Fifty Thousand Only) (excluding all applicable taxes and reimbursement of out of pocket expenses) for the financial year ending March 31, 2021. In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (as amended or re-enacted from time to time) the remuneration as mentioned above, payable to the Cost Auditor is required to be approved by the Members of the Company. Accordingly, the Members are requested to approve the remuneration payable to the Cost Auditors for the financial year ending March 31, 2021, as set out in the Ordinary Resolution for the aforesaid services to be rendered by them.

None of the Directors and / or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the said Resolution.

The Board of Directors of the Company recommends the resolution at Item No.3 for approval of the members as Ordinary Resolution.

**Item No. 4:**

Your Company has a Branch Office at Kolkata (#60B, 03<sup>rd</sup> Floor, Chowringhee Road, Kolkata – 700 020). It is proposed to re-appoint M/s. R. Pogalia & Co., Chartered Accountants, (Firm Registration No. 318188E) as Branch Auditors of ‘Gennex Laboratories Limited’.

M/s. R. Pogalia & Co., Chartered Accountants, have confirmed their willingness to act as the Branch Auditors for the above said Branch for the a period of Three (3) Financial Years 2020-21, 2021-22 and 2022-23 subject to ratification at every Annual general Meeting, if appointed.

None of the Directors and / or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the said Resolution.

The Board of Directors of the Company recommends the resolution at Item No.4 for approval of the members as Ordinary Resolution.

**Item No. 5 & 6:**

Board of Directors (which term shall be deemed to include any Committee of the Board) to borrow money (ies) on behalf of the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) and for creation of charge on moveable and immovable properties of the Company as security in favour of lending agencies for a sum not exceeding Rs. 50 Crores (Rupees Fifty Crores only), over and above the aggregate of the paid-up share capital and free reserves of the Company.

Keeping in view your Company’s business requirements and growth plans, it is considered desirable to increase the said borrowing limits under the provisions of Section 180(1)(c) of the Companies Act, 2013 (the “Act”).

The borrowings by a Company, in general, are required to be secured by mortgage or charge on all or any of the moveable or immovable properties of the Company in such form,



manner and ranking as may be determined by the Board from time to time, in consultation with the lender(s).

Your consent is required under the provisions of Sections 180(1)(c) and 180(1)(a) of the Act, to increase the borrowing limits and to mortgage and / or create a charge on any of the moveable and / or immovable properties and / or the whole or any part of the undertaking(s) of your Company to secure its borrowings.

None of the Directors, Key Managerial Personnel and their relatives, are in any way, concerned or interested in the said resolutions.

The Board of Directors of the Company recommends the resolutions at Item No.5 and 6 for approval of the members as Special Resolutions.

By Order of the Board of Directors  
for **Gennex Laboratories Limited**

**Arihant Baid**  
Managing Director  
(DIN 01171845)

Place:Hyderabad  
Date :September 03, 2020



## Gennex Laboratories Limited

### Additional information on Directors recommended for appointment / re-appointment as required under Regulation 36 (3) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 and Secretarial Standard-2

|                                                         |                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name of the Director                                    | Arihant Baid                                                                                                                                                                                                                                                                                                                                                                    |
| DIN                                                     | 01171845                                                                                                                                                                                                                                                                                                                                                                        |
| Date of Birth                                           | 25.05.1986                                                                                                                                                                                                                                                                                                                                                                      |
| Age                                                     | 34 years                                                                                                                                                                                                                                                                                                                                                                        |
| Qualification                                           | <ul style="list-style-type: none"><li>- Masters in Corporate Strategy and Governance- Nottingham University Business School, UK</li><li>- Certificate in Marketing Communications in French Markets-ESC Bretagne University, France.</li><li>- Bachelors in Business Administration (Management and International Business)-RMIT, University of Melbourne, Australia.</li></ul> |
| Experience                                              | 12 Years in Marketing                                                                                                                                                                                                                                                                                                                                                           |
| Relationship with other director/ Manager and other KMP | No relationship                                                                                                                                                                                                                                                                                                                                                                 |
| No of Shares held                                       | 100                                                                                                                                                                                                                                                                                                                                                                             |
| Directorships of other Boards                           | <ul style="list-style-type: none"><li>a. Regent Finance Corporation Private Limited</li><li>b. India Securities Broking Private Limited</li><li>c. Premier Fiscal Services Private Limited</li><li>d. Premier Industrial Commercial &amp; Credit Pvt. Ltd.</li><li>e. VAB Reality Private Limited</li><li>f. Prudential Holdings Private Limited</li></ul>                      |
| Membership/Chairmanship of Committees of other Board    | NIL                                                                                                                                                                                                                                                                                                                                                                             |

**Note:** Pursuant to Regulation 26 of the SEBI Listing Regulations 2015, for the purpose of determination of limit, chairpersonship and membership of the Audit Committee and the Stakeholders Relationship Committee alone has been considered.

Except Mr. Arihant Baid and their relatives, none of the other Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item No. 2, of the notice.

By Order of the Board of Directors  
for **Gennex Laboratories Limited**  
**Arihant Baid**

Managing Director  
(DIN 01171845)

Place: Hyderabad  
Date : September 03, 2020

*Corporate Office:*  
"Akash Ganga", Plot No. 144,  
3<sup>rd</sup> Floor, Srinagar Colony,  
Hyderabad – 500 073, Telangana  
Email id: [investorrelations@gennexlab.com](mailto:investorrelations@gennexlab.com)

*Registered Office:*  
Sy.No. 133, IDA Bollaram, Jinnaram Mandal,  
Sangareddy District - 502 325, Telangana



## DIRECTORS' REPORT

To

The Members of

Gennex Laboratories Limited

Your Directors are pleased to present the 35<sup>th</sup> Annual Report and the Standalone and Consolidated Audited Financial Statements for the Financial Year ended March 31, 2020.

### Financial Highlights and Performance:

#### 1. Financial Results

(₹ in Lakhs)

| PARTICULARS                                        | Standalone     |                | Consolidated   |                |
|----------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                    | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Revenue from Operations                            | 5,561.73       | 5,580.26       | 5,561.73       | 5,580.26       |
| Other Income                                       | 95.14          | 78.25          | 95.14          | 78.25          |
| Total Income                                       | 5,656.87       | 5,658.52       | 5,656.87       | 5,658.52       |
| Share of Profit/(Loss) of Associates               | —              | —              | —              | —              |
| Profit before Finance Cost,                        |                |                |                |                |
| Depreciation and Tax Expense                       | 430.72         | 480.57         | 430.72         | 480.57         |
| Finance Cost                                       | 75.36          | 79.38          | 75.36          | 79.38          |
| Depreciation                                       | 100.5          | 98.47          | 100.5          | 98.47          |
| Tax Expenses                                       | 69.23          | 80.64          | 69.23          | 80.64          |
| Net Profit after Tax for the year                  | 185.63         | 222.08         | 185.63         | 222.08         |
| Other Comprehensive Income/<br>(Loss) (net of tax) | —              | —              | —              | —              |
| Total Comprehensive Income                         | 185.63         | 222.08         | 185.63         | 222.08         |

#### Review of operations

Your Directors wish to present the details of Business operations done during the year under review:

During the year under review your Company has recorded a total Revenue of Rs.5,656.87 lakhs as against Rs.5,658.52 lakhs in the previous year, and the company has recorded the Profit before Finance Cost, Depreciation and Tax Expenses of Rs.430.72 lakhs (2019-20) as against Rs.480.57 lakhs (2018-19). In the current year the Net profit is Rs.185.63 Lakhs against the previous year Rs.222.08 lakhs. There is a decrease in the Profit during the year under review and the all efforts are being made to make the Company to be reckoned with in the Pharma Arena and your Directors are hopeful that the Company would be making better performances with profits in the coming years.

#### Future Outlook

The Management of the Company is making all its efforts for adding additional APIs for manufacturing by enhancing the production capacities and increased R & D efforts for which the Management is also exploring the possibilities of various options to raise the required funds.

**Kothur Unit:** The Management of the Company is making all its efforts in bringing the unit at Kothur near Zaheerabad into operation by **end December, 2020** and the Company is in the process of getting the Pollution Control Board (PCB) approval.

The Management is looking for establishing an US (FDA) approved Plant with all approvals from EDQM and TGA for manufacturing High Value Low Volume and Low Volume High Value Active Pharmaceutical Ingredients (APIs) at Kothur,



near Zaheerabad and as soon as the unit becomes operational, the Management is confident of giving Gennex an International presence. The management is exploring various options to raise the required funds to make the unit operational.

**Share Capital**

*Authorized Share Capital* - During the year under review, there was no change in authorized share capital of the Company. Authorized share capital of the company as on March 31, 2020 was Rs.16,00,00,000/-, comprising of 16,00,00,000 equity shares of Rs.1/- each.

*Paid-up Share Capital* - During the year under review, there was no change in paid up share capital of the Company. Paid up share capital of the company as on March 31, 2020 was Rs.12,65,03,000/-, comprising of 12,65,03,000 Equity Shares of Rs.1/- each.

**Buy Back of Securities**

The Company has not bought back any of its securities during the year under review.

**Sweat Equity**

The Company has not issued any Sweat Equity Shares during the year under review.

**Bonus Shares**

The Company has not issued any bonus shares during the year under review.

**Employees Stock Option**

The Company has not provided any Stock Option Scheme to the employees.

**Dividend**

Your Directors have not recommended any dividend on Equity Shares for the year under review.

**Transfers to Reserves**

Your Board of Directors does not appropriate any amount to be transferred to General Reserves during the year under review.

**Deposits**

During the year under review, your Company has not accepted any fixed deposits within the meaning of Section 73 of the Companies Act, 2013 read with Rules made there under.

**Subsidiaries, Joint Ventures and Associates**

As on March 31, 2020, we have one Associate and in this regard a Statement containing the salient features of the Financial Statement of our Associates in the prescribed format AOC-1 is appended as **Annexure-I** to the Board's report.

**Particulars of Contracts & Arrangements with Related Parties**

All transactions entered by the Company with Related Parties were in the Ordinary course of Business and are at Arm's Length pricing basis. The Audit Committee granted approvals for the transactions and the same were reviewed by the Committee and the Board of Directors.

There were no materially significant transactions with Related Parties during the financial year 2019-20 which were in conflict with the interest of the Company. The details of contracts and arrangements with Related Parties as referred to in Section 188(1) of the Companies Act, 2013 were given as **Annexure - II** to the Board's Report in form No: AOC-2 pursuant to Section 134 (3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules 2014.

**Particulars of Loans, Guarantees or Investments**

Pursuant to Section 186 of Companies Act, 2013 and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company neither has, directly or indirectly, given any loan to its Directors nor extended any guarantee nor provided any security in connection with any loan taken by them. Further, the Company has neither given any inter-corporate loan / advance nor made any investments in other companies during the financial year 2019-20.

**Number of Board Meetings held**

During the financial year ended March 31, 2020, Eight Board Meetings were held.

The dates on which the Board Meetings were held are 12.04.2019, 30.05.2019, 06.07.2019,



14.08.2019, 24.08.2019, 14.11.2019, 30.01.2020 and 14.02.2020 the details of which are given in the Corporate Governance Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013 and Secretarial Standard -1.

#### **Board evaluation**

The Board of directors have carried out an evaluation of its own performance and of its Committee as well as its individual Directors on the basis of criteria such as Composition of the Board / Committee Structure, effectiveness, its process, information and functioning etc.

#### **The conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to provisions of Section 134(3)(m) of the Companies Act, 2013 (Act) read with the Companies (Accounts) Rules, 2014**

Information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 is prepared and the same is enclosed as **Annexure - III** to this Report.

#### **Remuneration ratio of the Directors / Key Managerial Personnel (KMP) / Employees:**

The information required under Section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in separate annexure forming part of this Report as **Annexure – IV**.

#### **Extracts of Annual Return**

As required by Section 92 (3) of the Act Read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of the Annual Return in Form MGT 9 is available on the Company's website at [www.gennexlab.com](http://www.gennexlab.com)

#### **Declaration by Independent Directors**

The Independent Directors of the Company have submitted their declarations as required under Section 149(7) of the Companies Act,

2013 stating that they meet the criteria of independence as per sub-section (6) of Section 149 of the Act.

#### **Familiarization programme for Independent Directors**

The Company proactively keeps its Directors informed of the activities of the Company, its Management and Operations and provides an overall industry perspective as well as issues being faced by the industry.

#### **Independent Directors' Meeting**

The Independent Directors met on 14.02.2020, without the attendance of Non-Independent Directors and Members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole; the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### **Directors Responsibility Statement as required under Section 134 of the Companies Act, 2013**

Pursuant to the requirement under Section 134 of the Companies Act, 2013, with respect to the Directors' Responsibility Statement, the Board of Directors of the Company hereby confirms:

- i. that in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- 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 as at March 31, 2020 and of Profit and Loss Account of the Company for that period;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance



- with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors have prepared the Annual Accounts for the Financial Year ended March 31, 2020 on a going concern basis;
  - v. that the Directors have laid down Internal Financial Controls to be followed by the company and that such Internal Financial Controls are adequate and were operating effectively; and
  - vi. that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Details of Directors or Key Managerial Personnel who were appointed or have resigned during the Year**

In terms of Section 152 of the Companies Act, 2013, Mr. Arihant Baid, Director would retire by rotation at the forthcoming AGM and is eligible for re-appointment. Mr. Arihant Baid has offered himself for re-appointment.

**Key Managerial Personnel (KMP)**

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2020 are: Mr. Arihant Baid, Managing Director, Mr. T M Gopala Krishnan, Whole Time Director, Mr. Laxmipat Baid, CFO and Mr. Rajesh Vankadara, Company Secretary, of the Company.

**Policy on Directors' appointment and remuneration and other details**

Under Section 178 (3) of the Companies Act, 2013, the Nomination and Remuneration Committee of the Board has adopted a policy for nomination, remuneration and other related matters for Directors and senior management personnel. A gist of the policy is available in the Corporate Governance Report.

**Statutory Auditors**

M/s. **PPKG & Co.**, Chartered Accountants (Firm Registration No. 009655S) were

appointed as Statutory Auditors of your Company to hold office from the conclusion of the 33<sup>rd</sup> AGM held in the year 2019, until the conclusion of the 38<sup>th</sup> AGM to be held in the year 2023. Accordingly, M/s.PPKG & Co., Chartered Accountants (Firm Registration No. 009655S), Statutory Auditors of the Company will continue till the conclusion of Annual General Meeting to be held in 2023. In this regard, the Company has received a Certificate from the Auditors to the effect that their continuation as Statutory Auditors, would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

**Auditors' Report and Secretarial Auditors' Report**

**1. Auditors' Report**

Qualifications, Reservations or Adverse Remarks:

Information & Explanation in respect of Qualification / Reservation or Adverse remarks contained in Independent Auditor's Report under Paras: Basis for Qualified opinion, Emphasis of Matter and Other Matter: The Balances of Current Assets, Other Non-Current Assets, Non-Current Liabilities, Other Non-Current Liabilities, Current Liabilities & other Current Liabilities are subject to confirmations/reconciliations. The Impact of the same is unascertained

**Board's Response:-** As pointed out by the Statutory Auditors, the company has not obtained confirmation of The Balances of Current Assets, Other Non-Current Assets, Non-Current Liabilities, Other Non-Current Liabilities, Current Liabilities & other Current Liabilities. The Company has made best of its efforts to obtain the same before signing the accounts for current financial year as well as for last financial year. Further, the Management of the Company confirms that balances shown in the Books are true and correct as per their knowledge.

**2. Secretarial Audit Report**

As per the provisions of Section 204 of the Companies Act, 2013, the Board of Directors has appointed M/s. B S S & Associates,



Company Secretaries, as Secretarial Auditors to conduct Secretarial Audit of the company for the Financial Year ended on March 31, 2020. Secretarial Audit Report issued by Mr. S. Srikanth, Partner of M/s. B S S& Associates, Company Secretaries, in Form MR-3 is enclosed as **Annexure - V** to this Annual Report.

#### **Internal Auditors**

The Board of Directors of the Company appointed Mr. Laxmipat Baid, Chief Financial Officer, to conduct Internal Audit of the Company for the Financial Year ended March 31, 2020.

#### **Audit Committee**

There is no such incidence where Board has not accepted the recommendation of the Audit Committee during the year under review.

#### **Sub Committees of the Board**

The Board has Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee. The composition and other details of these Committees, have been given in the Report on the Corporate Governance forming part of the Annual Report

#### **Corporate Social Responsibility (CSR) Initiatives**

Section 135 of the Companies Act, 2013 provides the threshold limit for applicability of the CSR to a Company ie. (a) net worth of the Company to be Rs.500 crore or more; or (b) turnover of the company to be Rs. 1,000 crore or more; or (c) net profit of the company to be Rs. 5 crore or more. As the Company does not fall under any of the threshold limits given above, the provisions of section 135 are not applicable to the Company

#### **Management Discussion and Analysis**

In terms of the provisions of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis given below discusses the key issues concerning the business and carried on by the Company and the same is enclosed as **Annexure - VI** to this Report.

#### **Corporate Governance**

The Company is committed to good corporate governance in line with the Schedule V of SEBI (LODR) Regulations, 2015 and Provisions, Rules and Regulations of the Companies Act, 2013. The Company is in compliance with the provisions on corporate governance specified in the Listing Agreement with BSE. A certificate of compliance from M/s. PPKG & Co., Chartered Accountants and the report on Corporate Governance form part of this Directors' Report as **Annexure - VII**.

#### **Insurance**

All properties and insurable interests of the Company including building, plant and machinery and stocks have been fully insured.

#### **Vigil Mechanism**

The Board of Directors have adopted Whistle Blower Policy. The Whistle Blower Policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. All permanent employees of the Company are covered under the Whistle Blower Policy.

A mechanism has been established for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases.

#### **Details in respect of adequacy of Internal Financial Controls with reference to the Financial Statements**

1. The Company has set Internal Control Systems to maintain accurate and complete accounting records, to safeguard its assets, to prevent and detect any frauds and errors.
2. The Company has appointed Internal Auditors to observe the Internal Controls, whether the work flows of organization is being done through the approved policies of the Company. In every Quarter during



the approval of Financial Statements, Internal Auditors will present the Internal Audit Report and Management Comments on the Internal Audit observations; and

3. The Board of Directors of the Company have adopted various policies like Related Party Transactions Policy, Fixed Assets Policy, Whistle Blower Policy, Policy to determine Material Subsidiaries and such other procedures for ensuring the orderly and efficient conduct of its business for 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.

**The names of companies which have become or ceased to be company's subsidiaries, joint ventures or associate companies during the year:**

**-NIL-**

**Change in the nature of business**

There is no change in the nature of business of the Company.

**The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future**

No Significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future.

**Industrial Relations**

Industrial relations continued to be cordial throughout the year under review.

**Material changes and commitments**

There are no Material changes and commitments in the business operations of the Company from the Financial Year ended March 31, 2020 to the date of signing of the Directors' Report.

**Policy on Sexual Harassment**

The Company has adopted policy on Prevention of Sexual Harassment of Women at Workplace in accordance with the Sexual

Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the Financial Year ended March 31, 2020, the Company has not received any Complaints pertaining to Sexual Harassment.

**Listing of Equity Shares**

The Company's Equity shares are listed at the following Stock Exchanges:

BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001; and

The Company has paid the Annual Listing Fee to the said Stock Exchanges for the Financial Year 2019-20.

**Policies**

We seek to promote and follow the highest level of ethical standards in all our business transactions guided by our value system. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. The policies are reviewed periodically by the Board and updated based on need and new compliance requirement.

**i) Whistleblower Policy (Policy on vigil mechanism)**

The Company has adopted the whistleblower mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Company's code of conduct and ethics. There has been no change to the Whistleblower Policy adopted by the Company during fiscal 2019.

**ii) Policy for Determining Materiality for Disclosures**

This policy applies to disclosures of material events affecting. This policy is in addition to the Company's corporate policy statement on investor relations, which deals with the dissemination of unpublished, price-sensitive information.

**iii) Policy on Document Retention**

The policy deals with the retention and preservation of corporate records of the Company.

**Share transfer agency**

The Company has appointed M/s.R&D Infotech Pvt. Ltd., 1<sup>st</sup> Floor, 7A, Beltala Road, Naresh Mitra Sarani, Kolkata – 700 026 as its Share Transfer Agency for handling both Physical and Electronic Transfers.

**Awards and recognition**

The Company has been awarded DIN EN ISO 9001:2008, ISO 18001:2007, BS OHSAS 18001:2007 and ISO 9001:2015 Certification by TUV NORD Cert GmbH for Management System for manufacture and sale of Active Pharmaceutical Ingredients and intermediates.

The Company has been awarded European Union Written Confirmation (EU-WC) for Guaifenesin & Methocarbamol by the Central Drugs & Standard Control Organization (CDSCO), New Delhi for Sale Statutory requirements of the Country.

The Company has been awarded WHO-GMP certification by the State Drug Licensing authority.

**Human Resources**

Your Company treats its “human resources” as one of its most important assets. Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company’s thrust is on the promotion of talent internally through job rotation and job enlargement.

**Cautionary Statement**

Statements in these reports describing company’s projections statements, expectations and hopes are forward looking. Though, these expectations etc.; are based on reasonable assumption, the actual results might differ.

**Acknowledgement**

The Directors take this opportunity to place on record their sincere thanks to the Employees, Banks and Financial Institutions, Insurance Companies, Central and State Government Departments and the Shareholders for their support and co-operation extended to the Company from time to time. Directors are pleased to record their appreciation of the sincere and dedicated services of the employees and workmen at all levels.

On behalf of the Board of Directors  
for **Gennex Laboratories Limited**

**Arihant Baid**

Managing Director

DIN: 01171845

**T.M. Gopalakrishnan**

Whole Time Director

DIN: 03137458

Hyderabad  
September 03, 2020



**Annexure - I**

Performance and financial position of each of the Subsidiaries, Associates and Joint Ventures  
(Pursuant to Rule 8 of Companies (Accounts) Rules, 2014)

**FORM No. AOC-1**

**Part- A- Subsidiaries: NIL**

₹ in thousands

| S. No. | Name of the Subsidiary | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Share Capital | Reserves & Surplus | Total Assets | Total Liabilities | Investments | Turn-over | Profit/(Loss) before Taxation | Tax Expense/(Benefit) | Profit/(Loss) after Taxation | Proposed Dividend |
|--------|------------------------|---------------------------------------------------------------------------------------------------------|---------------|--------------------|--------------|-------------------|-------------|-----------|-------------------------------|-----------------------|------------------------------|-------------------|
| 1      | —                      | —                                                                                                       | —             | —                  | —            | —                 | —           | —         | —                             | —                     | —                            | —                 |

**Part B- Associates and Joint Ventures**

₹ in thousands

Statement pursuant to Section 129 (3) of the Companies Act, 2013  
related to Associate Companies and Joint Ventures

| S. No. | Name of Associates Joint Ventures | Latest Audited Balance Sheet Date | Shares of Associate/ Joint Ventures held by the Company on the year end    | Description of how there is significant influence    | Reason why the Associate/ Joint Venture is not consolidated                                       | Net worth attributable to Shareholding as per the latest Audited Balance Sheet | Profit/(Loss) for the year                                         |
|--------|-----------------------------------|-----------------------------------|----------------------------------------------------------------------------|------------------------------------------------------|---------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------|
|        |                                   |                                   | No. Amount of Investment in Associates/ Joint Ventures Extent of holding % |                                                      |                                                                                                   |                                                                                | i. Considered in consolidation ii. Not considered in consolidation |
| 1.     | Deccan Remedies Ltd.              | March 31, 2020                    | 55,00,000 70,00,000 44.27                                                  | Based on the % of holding over this investee company | As the group has only ability to exercise significant influence but not control over this company | 54,100.27                                                                      | NA NIL                                                             |

**1. Names of Associates or Joint Ventures which are yet to commence operations**

| S.No. | Name of the Company and Address                                                                                                        |
|-------|----------------------------------------------------------------------------------------------------------------------------------------|
| 1.    | Deccan Remedies Ltd.<br>Regd. Office: Survey No. 75 (A)<br>Kothur (B) Village<br>Zaheerabad Mandal<br>Medak Dist. - 502 228. Telangana |

**2. Names of Associates or Joint Ventures which have been liquidated or sold during the year**

| S.No. | Name of the Company and Address |
|-------|---------------------------------|
|       | NA                              |

On behalf of the Board of Directors  
for **Gennex Laboratories Limited**

**Arihant Baid**

Managing Director

DIN: 01171845

**T.M. Gopalakrishnan**

Whole Time Director

DIN: 03137458

Place: Hyderabad

Date: September 03, 2020

**Annexure - II**

Disclosure of Particulars of Contracts / Arrangements entered into by the Company

**Form No. AOC-2**

*(Pursuant to section 134(3)(h) of the Companies Act 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

Form for disclosure of particulars of Contracts / Arrangements entered in to 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:**

The Company has not entered into any Contract or Arrangement or Transaction with its Related Parties which is not in its ordinary course of business or at arm's length during financial year 2019-20.

**2. Details of material Contracts or Arrangements or Transactions at arm's length basis:**

There were no material Contracts or Arrangements or Transactions on Related Parties during the financial year 2019-20.

On behalf of the Board of Directors  
for **Gennex Laboratories Limited**

**Arihant Baid**

Managing Director

DIN: 01171845

**T.M. Gopalakrishnan**

Whole Time Director

DIN: 03137458

Place: Hyderabad

Date: September 03, 2020

**Annexure - III**

The conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to the provisions of section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014:

**A. CONSERVATION OF ENERGY:**

- |                                                                             |   |        |
|-----------------------------------------------------------------------------|---|--------|
| 1. The steps taken or impact on conservation of energy                      | : | -N.A.- |
| 2. The steps taken by the Company for utilizing alternate sources of energy | : | -N.A.- |
| 3. The Capital investment on energy conservation equipments                 | : | -N.A.- |

**B. TECHNOLOGY ABSORPTION:**

- |                                                                                                                          |   |        |
|--------------------------------------------------------------------------------------------------------------------------|---|--------|
| i. The Efforts made towards technology absorption                                                                        | : | -NIL-  |
| ii. The Benefits derived like product improvement, cost reduction, product development or import substitution            | : | -NIL-  |
| iii. Details of technology imported during the past 3 years:<br>No technology has been imported during the past 3 years. |   |        |
| a. The details of technology import                                                                                      | : | -N.A.- |
| b. The year of import                                                                                                    | : | -N.A.- |
| c. Whether the technology has been fully absorbed                                                                        | : | -N.A.- |
| d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof                            | : | -N.A.- |
| iv. The expenditure incurred on Research and Development:                                                                |   | -NIL-  |

**C. FOREIGN EXCHANGE EARNINGS AND OUT-GO:**

1. The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows:

|               |                       |                | (₹ in Lakhs)          |                |
|---------------|-----------------------|----------------|-----------------------|----------------|
| Particulars : | Standalone            |                | Consolidated          |                |
|               | <b>March 31, 2020</b> | March 31, 2019 | <b>March 31, 2020</b> | March 31, 2019 |
| Used :        | <b>788.90</b>         | 813.10         | <b>788.90</b>         | 813.10         |
| Earned :      | <b>2,198.52</b>       | 2,347.48       | <b>2,198.52</b>       | 2,347.48       |

On behalf of the Board of Directors  
for **Gennex Laboratories Limited**

**Arihant Baid**  
Managing Director  
DIN: 01171845

**T.M. Gopalakrishnan**  
Whole Time Director  
DIN: 03137458

Place: Hyderabad  
Date: September 03, 2020

**Annexure - IV**

**Statement of particulars as required under Section 197 of the Companies Act, 2013, read with Rule 5 of Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014**

- i. **the ratio of remuneration of each Director to the median remuneration of the employees of the company for the Financial Year:**

| S. No. | Name of the Director                           | Ratio of the remuneration to the median remuneration of the employees |
|--------|------------------------------------------------|-----------------------------------------------------------------------|
| 1      | Mr. Arihant Baid<br>Managing Director          | 01 : 10.1                                                             |
| 2      | Mr. T.M. Gopalakrishnan<br>Whole Time Director | 1 : 8.02                                                              |

Mr. Y Ravinder Reddy, Ms. Sadhana Bhansali, and Mr. Vinod Choraria were eligible only for sitting fees for attending the Meetings.

- ii. **The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the Financial Year**

| S. No. | Name of the Director                           | Percentage increase in remuneration |
|--------|------------------------------------------------|-------------------------------------|
| 1      | Mr. Arihant Baid<br>Managing Director          | 11.11                               |
| 2      | Mr. T.M. Gopalakrishnan<br>Whole Time Director | 12.85                               |
| 3      | Mr. Laxmipat Baid<br>Chief Financial Officer   | 12.87                               |
| 4      | Mr. Rajesh Vankadara<br>Company Secretary      | —                                   |

Mr. Y Ravinder Reddy, Ms. Sadhana Bhansali, and Mr. Vinod Choraria were eligible only for sitting fees for attending the Meetings.



iii. **The percentage increase in median remuneration of employees in the financial year.**

14 %

iv. **The number of permanent employees on the rolls of company.**

There are 95 permanent employees on the rolls of the Company as on March 31, 2020.

v. **Average percentile increase already made in the salaries of employees other than the**

**managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof point out if there are any exceptional circumstances for increase in the managerial remuneration.**

-NA-

vi. **The Company affirms that remuneration paid to Key Managerial Personnel is as per the Remuneration policy of the Company.**

On behalf of the Board of Directors  
for **Gennex Laboratories Limited**

**Arihant Baid**  
Managing Director  
DIN: 01171845

**T.M. Gopalakrishnan**  
Whole Time Director  
DIN: 03137458

Place: Hyderabad  
Date: September 03, 2020

**Declaration by Chairman and Managing Director on Code of Conduct under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013.**

To  
The Members

I, hereby declare that to the best of my knowledge and information; all the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the year ended March 31, 2020.

On behalf of the Board of Directors  
for **Gennex Laboratories Limited**

**Arihant Baid**  
Managing Director  
DIN: 01171845

**T.M. Gopalakrishnan**  
Whole Time Director  
DIN: 03137458

Place: Hyderabad  
Date: September 03, 2020



**Annexure - V**

Form No. MR-3

**Secretarial Audit Report**

For the Financial Year ended 31st March, 2020

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

To,

The Members,  
GENNEX LABORATORIES LIMITED,  
CIN: L24230TG1990PLC011168,  
Sy. No. 133, IDA Bollaram, Jinnaram,  
Sangareddy District - 502 325. Telangana.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to corporate practices by **GENNEX LABORATORIES 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 **GENNEX LABORATORIES LIMITED** 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020, 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, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;

2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')-

- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company during the Financial Year under review)
- The Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the Financial Year under review)
- The Securities and Exchange Board of India (Issue and Listing of Debt



Securities) Regulations, 2008; (Not applicable as the Company has not issued any debt securities)

- 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; (Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the Financial Year under review); and
  - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable as the Company has not delisted/propose to delist its equity shares from any Stock Exchange during the Financial Year under review)
  - The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable as the Company has not bought back / propose to buyback any of its securities during the Financial Year under review)
6. The Management has identified and confirmed the following Laws as being specifically applicable to the Company:
1. Drugs and Cosmetics Act, 1940 and Rules made there under;
  2. Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954
  3. Drugs Price Control Order, 2013 and Notifications made thereunder.

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

- i. The Secretarial Standards issued by the Institute of Company Secretaries of India;
- ii. The Listing Agreement entered into by the Company with Bombay Stock Exchange

During the period under review the Company has generally complied with the provisions of

the Act, Rules, Regulations, Guidelines, etc. mentioned above, except in respect of matters specified below:

1. Non-appointment of Company Secretary during the period from 01.04.2019 to 14.02.2020 as required under the Provisions of section 203 of the Companies Act, 2013 and Regulation 6 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Subsequently, Mr. Rajesh Vankadara has been appointed as Company Secretary and Compliance Officer of the company w.e.f.15.02.2020.
2. There was a delay in submitting the quarterly financial results within the prescribed time for the financial year 2020 as required under Regulation 30 of SEBI (LODR) Regulations, 2015.
3. Non-compliance of Promoter and promoter Group shares in Dematerialized Form as required under Regulation 31 (2) of SEBI (LODR) Regulations, 2015.
4. Non-publication of newspaper advertisement of notices of meetings of the board of directors where financial results shall be discussed as per Regulation 47(1) (a) of SEBI LODR Regulations, 2015.
5. Copies of newspaper publications have not been placed on the website as per regulation 46 (I) (i) (ii), as the company not published notice of Board Meetings.
6. There was a delay in submission of Statement of Investor Complaints for the quarter ended June, 2019 within the prescribed time as required under regulation 13 (3) of SEBI (LODR), Regulations, 2015.
7. There was a delay in submission of e-voting results in XBRL Mode within prescribed time as required under regulation 44 (3) of SEBI (LODR), Regulations, 2015.
8. Non-submission of Half Yearly disclosures on Related Party Transactions as required under Regulation 23 (9) of SEBI (LODR) Regulations, 2015.



9. Non-intimation of the closure of trading window for the quarter ended 31st March, 2019 as required under clause 4 of the Schedule B – SEBI (PIT) Regulations, 2015.

We further report that, on examination of the relevant documents and records and based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of quarterly compliance reports by respective department heads / Chief Financial Officer / Whole-time Director taken on record by the Board of Directors of the Company, in our opinion, there are adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with applicable general laws.

We further report that, the Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Meetings of the Board and its Committees. Agenda and detailed notes on agenda were sent to all the directors at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications as may be required on the

agenda items before the meeting and for meaningful participation at the meeting.

As per the Minutes of the Meetings duly recorded and signed by the Chairman of the Meeting, the decisions of the Board were unanimous and there were no dissenting views.

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

We further report that, during the audit period no event has occurred during the year which has a major bearing of the Company's affairs.

**For B S S & Associates**  
Company Secretaries

**S. Srikanth**  
Partner  
ACS: 22119, CoP: 7999  
UDIN: A022119B000642277

Place: Hyderabad  
Date: September 01, 2020

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



**Annexure 'A'**

To,

The Members,  
GENNEX LABORATORIES LIMITED,  
CIN: L24230TG1990PLC011168,  
Sy. No. 133, IDA Bollaram, Jinnaram,  
Medak District - 502 325.  
Telangana.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. 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 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 the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **B S S & Associates**  
Company Secretaries

**S. Srikanth**  
Partner  
ACS: 22119, CoP: 7999  
UDIN: A022119B000642277

Place: Hyderabad  
Date: September 01, 2020



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**Annexure - VI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

Management's Discussion and Analysis Report on the Business of the Company as applicable and to the extent relevant is given below:

**Industry Structure and Development:**

Gennex Laboratories Limited is in the business of Manufacturing of Bulk Drugs, Intermediates and Biotech Products. The Company has over the years added more capacity and infrastructure by way of an additional production block and equipment to the plant to handle more products and also tonnages. The Company is having a professionally managed team at every stage of its operations.

**Opportunities:**

Multipurpose and Multi product production facilities having ISO 9001:2008 and TUV Certificate 44 100 124194-E3 further the Company has obtained ISO 14001 and OSHAS 18000.

- The Management has the depth and ability to manage client relationships.
- Enhanced presence in the international market.

Large number of Pharmaceutical companies losing their drug patents, thereby increasing the scope of outsourcing to countries that offer a low cost manufacturing base.

The Pharma sector is expected to witness further consolidation by way of mergers and acquisitions this augurs for growth of the Industry. This would result in better price realization and growth.

**Threats:**

The Indian Pharma Industry will have to meet the following challenges:

- i. Multinational Companies are setting up large plants in India.
- ii. Competition in the global market that offer low manufacturing base.
- iii. Uncertainties on account of global socio economic environment.

**Outlook for the Company:**

Your Company is on the verge of completion of the expansion plans undertaken. Your Company has planned its business strategy taking the ground realities into account. The Company has introduced new products which are very competitive in pricing and beneficial to the Company.

**Segment-wise/Product-wise Performance:**

As the company has only one line of product i.e. Pharmaceutical Products, segment-wise or product-wise performance is not applicable for the year 2019-20.

**Risks and concerns:**

Any Government policy intervention or any change in the Pharma sector benefits and unforeseen adverse market conditions are issues of concern and may put pressure on the performance of the Company.

**Internal Control System and their adequacy:**

The Company has Internal Control System which is adequate and commensurate with the size of the Company.



---

**Discussion on financial performance with respect to operational performance****A. Financial Conditions:****1. Capital Structure:**

The Authorized Share Capital of the Company as at March 31, 2020, is Rs. 1600 Lakhs divided into 1600 Lakhs Equity Shares of face value of Rs. 1/- each. The Share Capital of the Company consists of only Equity Shares. The Paid-up Capital of the Company as on March 31, 2020 is at Rs. 1265.03 Lakhs comprising of 12,65,03,000 Equity Shares of Rs. 1/- each fully paid-up.

**2. Reserves and surplus:**

The Reserves and Surplus of the Company as on March 31, 2020, stands at Rs. 2320.38 Lakhs

**3. Secured Loans:**

The Working Capital Advances as at March 31, 2020, stand at Rs.498.43 Lakhs

**4. Unsecured Loans:**

The Deferred Sales Tax amount as at March 31,2020, stand at Rs.1.54 Lakhs.

**5. Fixed Assets:**

The Gross Block stood at Rs.3,026.26 Lakhs and the net block stood at Rs.1,492.77Lakhs as at March 31, 2020 compared to Rs.2,996.81 Lakhs and Rs.1,563.81 Lakhs as at March 31, 2019 respectively. The decrease in the value of the Fixed Assets is on account of depreciation of plant and Machinery.

**6. Revenue (Gross):**

During the year, the Company achieved sales Rs.5,561.73Lakhs compared to Rs. 5,580.26 Lakhs in the previous year ended March 31, 2020.

**Environment and Safety**

The company maintains and effects continual improvement in environmental standards and complies with the safety requirements. The company cares for the safety of its employees and safety training is imparted to the employees in the factory. Personal Protective Equipment is provided to the employees in conformity with statutory requirement.

**Human Resources**

The company believes that the quality of its employees is the key to its success in the long run and is committed to provide necessary human resource development and training opportunity to equip them with skills, which would enable them to adapt contemporary technological advances.

**Cautionary Statement**

Statement in this “Management Discussion & Analysis” may be considered to be “Forward Looking Statements” within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations include global and Indian demand-supply conditions, increased installed capacity, finished goods prices, raw materials availability and prices, cyclical demand and pricing in the Company’s markets, changes in Government regulations, tax regimes, besides other factors.



## Annexure - VII

## REPORT ON CORPORATE GOVERNANCE

In India, the Securities and Exchange Board of India (SEBI) regulates Corporate Governance for Listed through SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Gennex Laboratories Limited is in full compliance with all the applicable provisions of the SEBI's corporate governance norms are set out below:

**1. Company's Philosophy on Code of Governance:**

Gennex Laboratories Limited ("GLL"/the "Company") is committed to implement sound Corporate Governance practices with a view to bring about transparency in its operations and maximize shareholder value. The Company's core philosophy on the code of Corporate Governance is to ensure:

- Fair and transparent business practices;
- Accountability for performance;
- Compliance of applicable statute;
- Ethical business conduct by the Board, management and employees;
- Transparent and timely disclosure of Financial and Management Information;
- Effective Management Control and Monitoring of executive performance by the Board; and
- Adequate representation of Promoter, Executive and Independent Directors on the Board.

**2. Board of Directors:**

The Board of Directors has an optimum combination of Executive and Non-Executive Directors and its composition is in conformity with Regulation 17 of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 read with Section 149 of the Companies Act 2013 ("Act"). All the Directors have made the requisite disclosures regarding Directorships and Committee positions held by them in other Companies.

- i- As on March 31, 2020, the Board of the Company consists of Five (5) Directors comprising of two (2) Executive Directors, and Three (3) is Non-Executive Directors. The Non-Executive Directors comprises of Three (3) Independent & women Directors. The Company has Executive Chairman and 3 (Three) Independent Directors, comprise More than half of the total strength of the Board.

| S. No. | Name of the Director    | Designation         | Category                     | Other Directorship | Company's Committee Membership |
|--------|-------------------------|---------------------|------------------------------|--------------------|--------------------------------|
| 1      | Mr. Arihant Baid        | Chairman & MD       | Executive/Promoter Director  | 6                  | —                              |
| 2      | Mr. T.M. Gopalakrishnan | Whole-time Director | Executive Director           | 1                  | 1                              |
| 3      | Mr. Y. Ravinder Reddy   | Director            | Independent Director         | 5                  | 3                              |
| 4      | Ms. Sadhana Bhansali    | Director            | Independent & Woman Director | 1                  | 3                              |
| 5      | Mr. Vinod Choraria      | Director            | Independent Director         | —                  | 3                              |

## Notes:

- a. Other directorships exclude Foreign Companies, Private Limited Companies and alternate Directorships.
- b. Only membership in Audit Committee and Stakeholders' Relationship Committee has been reckoned for other committee memberships.



- ii. None of the Independent Directors on the Board holds directorships in more than Seven Listed Companies. Further, none of the Directors was a member of more than ten Committees or Chairman of more than five Committees across all the Public Companies in which he was a Director. Necessary disclosures regarding Committee positions in other Public Companies as on March 31, 2020, have been made by the Directors. All the Directors mentioned as part of the Promoter Group in the above list are related to each other in the following manner:
- iii- Independent Directors are non-executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet with the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.
- iv- During the financial year ended March 31, 2020, Eight Board Meetings were held as against the minimum requirement of four meetings. The maximum time gap between any of two consecutive meetings did not exceed 120 days.  
The dates on which the said meetings were held are: 12.04.2019, 30.05.2019, 06.07.2019, 14.08.2019, 24.08.2019, 14.11.2019, 30.01.2020 and 14.02.2020.
- v. Board Familiarization and Attendance of Directors at the meetings  
The attendance of each Director at the Board Meetings and last Annual General Meeting held during the year under review are as under:

| Name of Director        | No. of Board Meetings |          | Attendance at last AGM held Sept 27, 2019 |
|-------------------------|-----------------------|----------|-------------------------------------------|
|                         | Held                  | Attended |                                           |
| Mr. Arihant Baid        | 8                     | 7        | Yes                                       |
| Mr. T.M. Gopalakrishnan | 8                     | 8        | Yes                                       |
| Mr. Y. Ravinder Reddy   | 8                     | 8        | Yes                                       |
| Ms. Sadhana Bhansali    | 8                     | 5        | No                                        |
| Mr. Vinod Choraria      | 5                     | 5        | Yes                                       |

- vi- Details of equity shares of the Company held by the Directors as on March 31, 2020 are given below:

| Name of the Director          | Category                   | No. of equity Shares |
|-------------------------------|----------------------------|----------------------|
| Mr. Arihant Baid - MD         | Executive - Promoter Group | 100                  |
| Mr. T.M. Gopalakrishnan - WTD | Executive - Non Promoter   | 100                  |
| Mr. Y. Ravinder Reddy         | Independent                | NIL                  |
| Ms. Sadhana Bhansali          | Independent                | NIL                  |
| Mr. Dipankar Dasgupta         | Independent                | NIL                  |

The Company has not issued any convertible instruments. None of the Non-Executive Directors are holding any shares in the company as on March 31, 2020.

**vii. Board Independence**

Based on the confirmation/disclosures received from the Directors, all Non-Executive Directors are Independent in terms of Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations. There are no material pecuniary relationships or transactions between the Independent Directors and the Company, except for sitting fees and commission drawn by them for attending the meeting of the Board and Committee(s) thereof. None of the Non-Executive Directors hold any shares or convertible instruments in the Company.



### **3. Committees of the Board**

The Company currently has the following Committees of the Board:

- a. Audit Committee;
- b. Nomination and Remuneration Committee; and
- c. Stakeholders Relationship Committee.

**a. Audit Committee:**

- i. The audit committee of the Company has been constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act.
- ii. The terms of reference of the audit committee is as per the Schedule II Part C of the SEBI (LODR) which include:
  - Oversight of the Company's Financial Reporting Process and the disclosure of its Financial Information to ensure that the Financial Statement is correct, sufficient and credible;
  - Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
  - Approval of payment to Cost Auditors & Statutory Auditors for any other services rendered by the Statutory & Cost Auditors;
  - Reviewing, with the management, the Annual Financial Statements and Auditors' Report thereon before submission to the Board for approval, with particular reference to:
    - Ø Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Act.
    - Ø Changes, if any, in Accounting Policies and Practices and reasons for the same.
    - Ø Major accounting entries involving estimates based on the exercise of Judgment by Management.
    - Ø Significant adjustments made in the Financial Statements arising out of Audit findings.
    - Ø Compliance with listing and other legal requirements relating to Financial Statements.
    - Ø Disclosure of any Related Party Transactions
    - Ø Qualifications in the draft Audit Report.
  - Reviewing, with the management, the Quarterly Financial Statements before submission to the Board for approval;
  - Reviewing and monitoring the Auditors' independence and performance, and effectiveness of Audit process;
  - Approval or any subsequent modifications of transactions of the Company with Related Parties;
  - Scrutiny of Inter-Corporate Loans and Investments;
  - Examination of the Financial Statement and the Auditors' Report thereon;
  - Evaluation of Internal Financial Controls;
  - Establishment of vigil mechanism for Directors and employees to report genuine concerns.
  - Calling for the comments of the Auditors about Internal Control Systems, the scope of Audit, including the observations of the Auditors and review of Financial



Statement before their submission to the Board and discussions on any related issues with the Internal and Statutory Auditors and the Management of the Company;

iii. Review of the information required as per SEBI Listing Regulations.

iv. The previous Annual General Meeting (“AGM”) of the Company was held on September 27, 2019 and was attended by Mr. Y. Ravinder Reddy, Chairman of the Audit Committee.

The composition of the Audit Committee and the details of meetings held and attended by its members are given below:

| Name of Director        | Designation | Category             | No. of Meetings during the Financial Year 2019-20 |          |
|-------------------------|-------------|----------------------|---------------------------------------------------|----------|
|                         |             |                      | Held                                              | Attended |
| Mr. Y. Ravinder Reddy   | Chairperson | Independent Director | 4                                                 | 4        |
| Mr. T.M. Gopalakrishnan | Member      | Executive Director   | 4                                                 | 4        |
| Ms. Sadhana Bhansali    | Member      | Independent Director | 4                                                 | 4        |
| Mr. Vinod Choraria      | Member      | Independent Director | 4                                                 | 3        |

v. Audit Committee met 4 times during the year and the dates of such Meetings are: 30.05.2019, 14.08.2019, 14.11.2019 and 14.02.2020.

vi. The Auditors of a Company and the Key Managerial Personnel shall have a right to be heard in the Meetings of the Audit Committee when it considers the Auditor’s Report but shall not have the right to vote.

#### **b. Nomination and Remuneration Committee**

##### **I. Composition:**

- The Nomination and Remuneration Committee was constituted by the Board with 3 Independent Directors with Independent Director as its Chairman.
- The Minutes of the Meetings of the Nomination and Remuneration Committee are circulated to all the members of the Board.

##### **II. Brief description of terms of reference is for:**

- A. Appointment of the Directors, and Key Managerial Personnel of the Company; and
- B. Fixation of the remuneration of the Directors, Key Managerial Personnel and other employees of the Company.

##### **III. Composition of Committee**

The Committee is chaired by Mr. Y. Ravinder Reddy, Independent Director and includes Ms. Sadhana Bhansali and Mr. Vinod Choraria, Independent Directors as other members.

##### **IV. Attendance of each Director at Nomination & Remuneration Committee Meeting**

| Name of Director      | Designation | Category             | No. of Meetings during the Financial Year 2019-20 |          |
|-----------------------|-------------|----------------------|---------------------------------------------------|----------|
|                       |             |                      | Held                                              | Attended |
| Mr. Y. Ravinder Reddy | Chairperson | Independent Director | 1                                                 | 1        |
| Ms. Sadhana Bhansali  | Member      | Independent Director | 1                                                 | 1        |
| Mr. Vinod Choraria    | Member      | Independent Director | —                                                 | —        |



This Committee recommends the appointment/reappointment of Executive Directors and the appointments of employees from the level of Vice President and above along with the remuneration to be paid to them. The remuneration is fixed keeping in mind the persons track record, his/her potential individual performance, the market trends and scales prevailing in the similar industry.

**Criteria for Performance evaluation:**

**V. Remuneration Policy:**

The Policy inter alia provides for the following:

- attract, recruit, and retain good and exceptional talent;
- list down the criteria for determining the qualifications, positive attributes, and independence of the Directors of the Company;
- ensure that the remuneration of the Directors, Key Managerial Personnel and other employees is performance driven, motivates them, recognises their merits and achievements and promotes excellence in their performance;
- motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;
- ensure a transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in the Board; and
- fulfil the Company's objectives and goals, including in relation to Good Corporate Governance, transparency, and sustained long-term value creation for its stakeholders.

**VI. Criteria for making payments to Non-Executive/Independent Directors:**

The Company has not made any payments to the Non-Executive/Independent Directors except sitting fees for attending Board of Directors meetings.

**VII. Remuneration paid to Directors**

Remuneration to Non-Executive Directors

Presently, the Non-Executive Directors do not receive any remuneration from the company and are paid sitting fees for attending the meetings of the Board and Committees.

**Remuneration to Executive Directors:**

The Remuneration paid to the Managing and Whole-time Directors during the year is as follows:

| Name of Director and Designation               | Salary ₹  | Bene-fits ₹ | Bonuses ₹ | Pension | Commis-sion | Service Contracts                                     | Notice Period                   |
|------------------------------------------------|-----------|-------------|-----------|---------|-------------|-------------------------------------------------------|---------------------------------|
| Mr. Arihant Baid<br>Managing Director          | 3,000,000 | 28,800      | —         | —       | —           | Appointed for a period of 3 years w.e.f. May 18, 2018 | As per the Rules of the Company |
| Mr. T.M. Gopalakrishnan<br>Whole Time Director | 2,370,000 | 1,256,633   | 16,800    | —       | —           | Appointed for a period of 3 years w.e.f. May 18, 2018 | As per the Rules of the Company |

There were no severance fees, stock option plan or performance linked incentive for the Executive/Non-Executive Directors. The appointment of Managing Director and Whole Time Director are made for a period of 3 years on the terms and conditions contained in the respective resolutions passed by the Members in the General Meetings.



### c. Stake Holders Relationship, Grievance and Share Transfer Committee

#### Composition

The Committee consists of the following Directors:

| Name of the Director  | Designation |
|-----------------------|-------------|
| Mr. Y. Ravinder Reddy | Chairperson |
| Ms. Sadhana Bhansali  | Member      |
| Mr. Vinod Choraria    | Member      |

#### Terms of Reference

- Stakeholders Relationship, Grievance and Share Transfer Committee oversees and reviews all matters connected with the securities transfers and also looks into redressing of shareholders complaints like Transfer of Shares, Non-receipt of Annual Reports, Dividends etc.
- The Committee oversees the performance of the Registrar and Transfer agents and recommends measures for overall improvement in the quality of investor services.

#### Name and designation of Compliance Officer:

Mr. K.V.L.N. Bhaswanth, Chief Operating Officer & Compliance Officer

Email-id for Investor Grievances: [investorrelations@gennexlab.com](mailto:investorrelations@gennexlab.com)

#### Number of Shareholders complaints received so far:

Complaints received and redressed during the year 2019-2020

| S.No. | Nature of Complaints                 | Number of Complaints Received | Number of Complaints Solved | Number of Complaints Pending |
|-------|--------------------------------------|-------------------------------|-----------------------------|------------------------------|
| 1.    | Regarding annual report              | —                             | —                           | —                            |
| 2.    | Revalidation of dividend warrant     | —                             | —                           | —                            |
| 3.    | Issue of duplicate share certificate | —                             | —                           | —                            |
| 4.    | Issue of duplicate dividend warrant  | —                             | —                           | —                            |
| 5.    | Procedure for transmission           | —                             | —                           | —                            |
| 6.    | General queries                      | —                             | —                           | —                            |
| 7.    | Non receipt of dividend              | —                             | —                           | —                            |
| 8.    | Correction in share certificate      | —                             | —                           | —                            |
| 9.    | Change of address                    | —                             | —                           | —                            |
| 10.   | Unclaimed dividend                   | —                             | —                           | —                            |
| 11.   | Correction in dividend cheque        | —                             | —                           | —                            |

#### TOTAL

SEBI vide Circular Ref: CIR/OIAE/2/2011 dated June 3, 2011 informed the company that they had commenced processing of investor complaints in a web based complaints redress system "SCORES". Under this system, all complaints pertaining to companies are electronically sent through SCORES and the companies are required to view the complaints pending against them and submit Action Taken Report (ATRs) along with supporting documents electronically in SCORES.

All the requests and complaints received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year. Mr. K.V.L.N. Bhaswanth is the Compliance Officer of the Company. For any clarification / complaint the shareholders may contact Mr. K.V.L.N. Bhaswanth, Compliance Officer at the Registered Office of the Company

**III. Attendance of each Director at Stakeholders Relationship Committee Meeting**

| Name of Director      | Designation | Category             | No. of Meetings during the Financial Year 2019-20 |          |
|-----------------------|-------------|----------------------|---------------------------------------------------|----------|
|                       |             |                      | Held                                              | Attended |
| Mr. Y. Ravinder Reddy | Chairperson | Independent Director | 1                                                 | 1        |
| Ms. Sadhana Bhansali  | Member      | Independent Director | 1                                                 | 1        |
| Mr. Vinod Choraria    | Member      | Independent Director | 1                                                 | 1        |

**5. Meeting of Independent Directors**

Schedule IV of the Companies Act, 2013 and the Rules under it mandate that the Independent Directors of the Company hold at-least one meeting in a year, without the attendance of Non-independent Directors and members of the Management. It is recommended that all the Independent Directors of the Company be present at such meetings. These meetings are expected to review the performance of the Non-independent Directors and the Board as a whole, as well as the performance of the Chairman of the Board, taking into account the views of the Executive Directors and Non-Executive Directors; assess the quality, quantity and timeliness of the flow of information between the Management and the Board that is necessary for it to effectively and reasonably perform its duties and the Independent Directors of the Company had met during the year on 14.02.2020.

**6. General Body Meetings**

The details of date, location and time of the last three Annual General Meetings held are as under:

| Financial Year ended March 31 | Date       | Time       | Venue                                                                |
|-------------------------------|------------|------------|----------------------------------------------------------------------|
| 2019                          | 27.09.2019 | 12.30 p.m. | Sy. No. 133, IDA Bollaram, Jinnaram Mandal Sangareddy Dist - 502 325 |
| 2018                          | 09.08.2018 | 11.30 a.m. | Sy. No. 133, IDA Bollaram, Jinnaram Mandal Sangareddy Dist - 502 325 |
| 2017                          | 28.09.2017 | 11.30 a.m. | Sy. No. 133, IDA Bollaram, Jinnaram Mandal Sangareddy Dist - 502 325 |

- Special Resolutions passed during the previous three Annual General Meetings:
  - i. 34th Annual General Meeting - September 27, 2019: Two
  - ii. 33rd Annual General Meeting - August 9, 2018: Two
  - iii. 32nd Annual General Meeting – September 28, 2017 : Nil
    - \* Re-appointment of Mr. Y Ravinder Reddy (DIN 00011040), as Independent Director of the Company for a further period of Five years with effect from October 01, 2019.
    - \* Re-appointment of Ms. Sadhana Bhansali (DIN: 06962425), as Independent Director of the Company for a further period of Five years with effect from October 01, 2019.
    - \* Re-appointment of Mr. Arihant Baid (DIN 01171845), as Managing Director of the Company for a further period of three years with effect from May 18, 2018
    - \* Re-appointment of Mr. T.M. Gopalakrishnan (DIN 03137458), as Whole Time Director of the Company for a further period of three years with effect from May 18, 2018



iv. Whether Special Resolutions were put through Postal Ballot last year, details of voting pattern: No Special Resolutions were passed by the Shareholders of the Company through Postal Ballot during the Year 2019-2020.

v. Whether any Resolutions are proposed to be conducted through Postal Ballot:  
No Special Resolution is proposed to be conducted through Postal Ballot.

**7. Whistle Blower Policy:**

The company has an established mechanism for Directors / Employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of directors/employees who avail of the mechanism. The Company affirms that no personnel have been denied access to the Audit Committee. The Company has formulated a Policy of Vigil Mechanism and has established a mechanism that any personnel may raise Reportable Matters within 60 days after becoming aware of the same. All suspected violations and Reportable Matters are reported to the Chairman of the Audit Committee at e-mail id [info@gennexlab.com](mailto:info@gennexlab.com). The key Directions/ actions will be informed to the Executive Director of the Company

**8. Disclosures:**

**a. Related Party Transaction:**

There have been no materially significant related party transactions with the Company's Promoters, Directors, the Management or relatives which may have potential conflict with the interests of the company at large. The necessary disclosures regarding the transactions are given in the Notes to Accounts. The Company has also formulated a policy on dealing with the Related Party Transactions and necessary approval of the Audit Committee and Board of Directors were taken wherever required in accordance with the Policy.

**b. Accounting Treatment:**

In the preparation of the Financial Statements, the Company has followed the Accounting Policies and practices as prescribed in the Accounting Standards.

**c. Management Discussion and Analysis:**

Management Discussion and Analysis Report is set out in a separate Section included in this Annual Report and forms part of this Report

**d. Compliances:**

There were few instances of non-compliance by the company on matters related to the Stock Exchange, MCA and other Statutory Authority.

**e. CEO/CFO Certification:**

The Chief Executive Officer and the Chief Financial Officer have furnished a Certificate to the Board for the year ended on March 31, 2020, in compliance with the Listing Regulation.

**f. Reconciliation of Share Capital Audit:**

A quarterly audit was conducted by a Practicing Company Secretary, reconciling the issued and listed capital of the company with the aggregate of the number of Shares held by Investors in physical form and in the depositories and the said Certificates were submitted to the Stock Exchanges within the prescribed time limit. As on March 31, 2020, there was no difference between the issued and listed capital and the aggregate of Shares held by Investors in both Physical Form and in Electronic Form with the depositories. 12,44,56,370 Equity Shares representing 98.38% of the Paid up Equity Capital have been dematerialized as on March 31, 2020.

**1. General Shareholders Information:****a. Company Registration details:**

The Company is registered in the State of Telangana, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L24230TG1990PLC011168

**b. Date, time and venue of AGM**

|                            |                                                                      |
|----------------------------|----------------------------------------------------------------------|
| Annual General Meeting Day | Tuesday, September 29, 2020                                          |
| Time                       | 12.30 p.m.                                                           |
| AGM to be conducted        | Through Video Conferencing (VC) /<br>Other Audio Visual Means (OAVM) |
| Book Closure Date          | 22.09.2020 to 29.09.2020 (both days inclusive)                       |
| Financial Year             | 1st April to 31st March                                              |

**c. Registered Office:**

Sy. No. 133, Bollaram, Jinnaram Mandal, Sangareddy District – 502 325, Telangana.

**d. Financial Year**

Financial year is April 1, 2019 to March 31, 2020 and Financial Results will be declared as per the following schedule.

**e. The following is the tentative calendar of the Company, which is subject to change:  
Financial Calendar for the year 2020-2021 (Tentative)**

|                                                                   |                         |
|-------------------------------------------------------------------|-------------------------|
| Financial Year Ending                                             | 31.03.2021              |
| Quarter ending on June 30, 2020                                   | on or before 14.08.2020 |
| Quarter ending on September 30, 2020                              | on or before 14.11.2020 |
| Quarter ending on December 31, 2020                               | on or before 14.02.2021 |
| Quarter ending on March 31, 2020 &<br>Annual Results of 2020-2021 | on or before 30.05.2021 |

**f. Dividend Payment Date:**

Your Board has not recommended any dividend.

**g. Listing on Stock Exchanges**

BSE Ltd, Phiroze Jeejeebhoy Towers, Dalal, Street, Mumbai – 400001  
Listing fee is paid for the year 2019-20 to the BSE Ltd, Mumbai

**h. Stock Code**

BSE Ltd, Mumbai - 531739

**i. Stock Price Data**

Monthly high and low price of shares traded on Bombay Stock Exchange during the year from 01.04.2019 to 31.03.2020 is given below:

| Amount in ₹ |        |            |           |
|-------------|--------|------------|-----------|
|             | Month  | High Price | Low Price |
| 1           | Apr-19 | 3.26       | 2.28      |
| 2           | May-19 | 4.25       | 2.98      |
| 3           | Jun-19 | 4.39       | 3.35      |
| 4           | Jul-19 | 4.00       | 3.05      |
| 5           | Aug-19 | 3.65       | 3.15      |
| 6           | Sep-19 | 3.58       | 3.01      |
| 7           | Oct-19 | 3.40       | 2.80      |
| 8           | Nov-19 | 3.65       | 2.50      |
| 9           | Dec-19 | 3.10       | 2.35      |
| 10          | Jan-20 | 3.10       | 2.50      |
| 11          | Feb-20 | 2.92       | 2.02      |
| 12          | Mar-20 | 2.45       | 1.32      |

**k. Address of Demat Registrars & Share Transfer Agents:**

R&D Infotech Pvt. Ltd.  
1st Floor, 7A, Beltala Road,  
Naresh Mitra Sarani,  
Kolkata – 700 026  
E mail id: investors@rdinfotech.in

**l. Share Transfer System:**

Transfer of Securities in Physical Form are registered and duly transferred Share Certificates are dispatched within 30 days of receipt provided transfer documents are in order.

**m. Distribution of Share Holdings as on March 31, 2020**

| Range in<br>No. of Shares | No. of<br>Shares    | % to<br>Total | No. of<br>Shareholders | % to<br>Total |
|---------------------------|---------------------|---------------|------------------------|---------------|
| 01 – 500                  | 9,11,032            | 0.7202        | 3,958                  | 30.1861       |
| 501 – 1000                | 41,64,650           | 3.2921        | 4,327                  | 33.0003       |
| 1001 – 2000               | 25,05,665           | 1.9807        | 1,456                  | 11.1043       |
| 2001 – 3000               | 19,72,110           | 1.5589        | 736                    | 5.6132        |
| 3001 – 4000               | 14,47,106           | 1.1439        | 391                    | 2.9820        |
| 4001 – 5000               | 27,67,543           | 2.1877        | 566                    | 4.3167        |
| 5001 – 10000              | 66,18,073           | 5.2316        | 823                    | 6.2767        |
| 10001 – 50000             | 1,50,32,026         | 11.8827       | 679                    | 5.1785        |
| 50001 – 100000            | 66,07,660           | 5.2233        | 90                     | 0.6864        |
| 100001 and Above          | 8,44,77,135         | 66.7788       | 86                     | 0.6559        |
| <b>GRAND</b>              | <b>12,65,03,000</b> | <b>100</b>    | <b>13,112</b>          | <b>100</b>    |

**n. Outstanding GDRS/ADRS/Warrants or any convertible instruments, conversion date and likely impact on equity. - Not Applicable****o. Dematerialization of Shares:**

98.38% of Shares issued by the company have been in dematerialized form as on 31.03.2020. Trading in Equity Shares of your Company on any Stock Exchange is permitted only in Dematerialized mode. Demat ISIN Number allotted by NSDL & CDSL: INE509C01026

**p. Plant Location**

Sy. No. 133, Bollaram, Jinnaram Mandal, Sangareddy District – 502 325, Telangana

**q. Address for correspondence:**

‘Akash Ganga’, 3<sup>rd</sup> Floor, Plot # 144, Srinagar Colony, Hyderabad – 500 073, Telangana

**5. Disclosures****a. Disclosure of Materially Significant Related Party Transactions**

All Related Party Transactions that were entered into during the financial year were at an arm's length basis and were in the ordinary course of business. There are no materially significant Related Party Transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

In line with the requirements of the Companies Act, 2013 and Listing Regulations, your company has adopted a policy to determine Related Party Transactions. The policy is placed on the website of the company [http: www.gennexlab.com](http://www.gennexlab.com)

**b. Details of non-compliance etc.,**

A Statement of Compliance with all Laws and Regulations as certified by the Managing Director and Whole Time Director is placed at periodic intervals for review by the Board.

There were instances of delayed compliance with Listing Agreement, penalty imposed on the Company by Stock Exchange, the same were paid and communicated with Bombay Stock Exchange, during the last three years.

A detailed note on the risks is included in the Management Discussion and Analysis annexed to the Directors' Report.

**c. A certificate confirming that none of the Directors of the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority, has been received from Mr. Srikanth Somnepalli of M/s. B S S & Associates, Company Secretaries and the same is annexed to this Report.****6. Means of Communication****a. Quarterly Results**

The quarterly results of the Company are published in accordance with the requirements of the Listing Agreement, in widely circulated newspapers namely Business Standard (English daily) and Andhra Prabha (Telugu daily).

**b. News releases, presentations, etc.**

Official news releases along with Quarterly Results are displayed on the Company's website: [www.gennexlab.com](http://www.gennexlab.com)

The Company presentations made to the investors/ analysts are placed on the Company's website: [www.gennexlab.com](http://www.gennexlab.com)

**c. Management Discussion and Analysis (MDA) Report**

The report on MDA is annexed to the Directors' Report and forms part of this Annual Report.



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**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

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To the Members of  
GENNEX LABORATORIES LIMITED

We have reviewed the compliance of conditions of Corporate Governance by Gennex Laboratories Limited, for the year ended 31<sup>st</sup> March, 2020, as stipulated in Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Certificate of Corporate Governance as stipulated in the said Clause. It is neither an Audit nor an expression of opinion on the financial statements of the Company.

No investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, except the following:

- i. Appointment of Company Secretary as required under Regulation 6 of SEBI-LODR and provisions of the Companies Act, 2013.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **PPKG & Co.**,  
Chartered Accountants  
Firm Regn. No. 009655S

**Giridhari Lal Toshniwal**  
Partner  
Membership No. 205140

Place: Hyderabad  
Date : September 03, 2020



**Certification by Managing Director and Chief Financial Officer (CFO) to the Board**

We, Arihant Baid, Managing Director and Laxmipat Baid, Chief Financial Officer of Gennex Laboratories Limited, certify that:

1. We have reviewed the Financial Statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief:
  - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. these statements together present a true and fair view of the state of affairs of the company and are in compliance with existing accounting standards, applicable laws and regulations.
2. 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.
3. We accept overall responsibility for establishing and maintaining internal control for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness, of internal control. The internal auditor works with all levels of management and Statutory Auditors and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies in the design or operation of internal controls.
4. We indicate to the Auditors and to the Audit Committee:
  - a. Significant changes in internal control over financial reporting during the year;
  - b. Significant changes in accounting policies during the year; and that the same have been disclosed in the notes to the Financial Statements; and
  - c. Instances of significant fraud of which we have become aware of and which involve management or other employees having significant role in the Company's Internal Control System and Financial Reporting. However, during the year there was no such instance.

**For Gennex Laboratories Limited**

Place: Hyderabad  
Date : September 03, 2020

**Arihant Baid**  
Managing Director  
DIN: 01171845

**Laxmipat Baid**  
Chief Financial Officer

**Declaration by Managing Director**

I, Arihant Baid , Managing Director of Gennex Laboratories Industries Limited hereby declare that the members of Board, Key Managerial Personnel and other senior level employees of the Company are adhering to the code of conduct adopted by the Board which is posted on the website of the Company.

Place: Hyderabad  
Date: September 03, 2020

**Arihant Baid**  
Managing Director  
DIN: 01171845



**Certificate of Non-Disqualification of Directors**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members,  
**GENNEX LABORATORIES LIMITED,**  
Sy. No. 133, IDA Bollaram, Jinnaram,  
Sangareddy District - 502 325.  
Telangana.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **GENNEX LABORATORIES LIMITED** having [CIN:L24230TG1990PLC011168] and having registered office at Sy. No. 133, IDA Bollaram, Jinnaram, Sangareddy District - 502 325, Telangana (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sl. No. | Name of Director                          | DIN      | Date of appointment in Company |
|---------|-------------------------------------------|----------|--------------------------------|
| 01      | Mr. Arihant Baid                          | 01171845 | 18/05/2012                     |
| 02      | Mr. Tiruvarur Muralidharan Gopalakrishnan | 03137458 | 18/05/2012                     |
| 03      | Mr. Y Reddy Ravinder                      | 00011040 | 22/03/2003                     |
| 04      | Ms. Sadhana Bhansali                      | 06962425 | 30/09/2014                     |
| 05      | Mr. Vinod Choraria                        | 08497499 | 06/07/2019                     |

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **B S S & Associates**  
Company Secretaries

**S. Srikanth**  
Partner

ACS: 22119, CoP: 7999  
UDIN: A022119B000669612

Place: Hyderabad  
Date: September 03, 2020



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**INDEPENDENT AUDITOR'S REPORT**

To the Members of  
Gennex Laboratories Limited

**Report on the Audit of the Standalone Financial Statements**

**Qualified Opinion**

1. We have audited the accompanying standalone financial statements of Gennex Laboratories Limited ('the Company'), which comprise the Standalone Balance Sheet as at March 31, 2020, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Cash Flow Statement and the Standalone Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us except for the information referred to in Basis for Qualified opinion of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (Financial position) of the Company as at March 31, 2020, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Basis for Qualified Opinion**

3. The Balances of Current Assets, Other Non-Current Assets, Non-Current Liabilities, Current Liabilities and Other Current Liability are subject to Confirmation/ reconciliations. The Impact of the same is unascertained.
4. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards 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 there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matter**

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone 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.
6. We have determined the matter described below to be the key audit matters to be communicated in our report.



| <b>Key Audit Matter</b>                                                                                                                      | <b>How our Audit addressed the key audit matter</b>                                                                                                                                                                                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Carrying value of Investment in Associate entity.</b><br>The Company has an investment of ₹700 lakhs in its associate Deccan Remedies Ltd | As informed to us, the Company is still in the construction stage and yet to commence the operation. Hence valued at Cost.                                                                                                                                                                           |
| <b>Pending Land registration</b>                                                                                                             | Discussion with the management on the development in these litigations during year ended March 31, 2020<br><br>Review of the disclosures made by the company in the financial statements in this regard.<br><br>Obtain representation letter from the management on the assessment of these matters. |

**Information other than the Financial Statements and Auditor's Report thereon**

7. 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 will 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 otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management for the Standalone Financial Statements**

8. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS 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.
9. In preparing the financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
10. The Board of Directors are also responsible for overseeing the Company's financial reporting process.



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**Auditors Responsibilities for the Audit of the Financial Statements**

11. 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 on Standalone Financials that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing 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.
12. As part of an audit in accordance with Standards on Auditing, 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 over ride of internal control.
  - Obtain an understanding of internal 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 explaining 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.
13. 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.
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with the mall relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
15. 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 auditor's 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**

16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the **Annexure A** statement on the matters specified in paragraphs 3 and 4 of the Order.
17. Further to our comments in Annexure A, as required by section 143(3) of the Act, we report that:
- i. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii. 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;
  - iii. the standalone financial statements dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - v. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of section 164 (2) of the Act;
  - vi. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report as per **Annexure B** expressed unmodified opinion; and
  - vii. 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 has disclosed the impact of pending litigations on its financial position as at March 31, 2020;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2020;
    - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.
    - iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.
18. As required by section 197(16) of the Act, 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.

For **PPKG & Co.,**  
Chartered Accountants  
Firm Regn. No. 009655S

**Giridhari Lal Toshniwal**  
Partner

Membership No. 205140  
UDIN: 20205140AAAAEK5237

Place: Hyderabad  
Date: July 30, 2020

**Annexure A to the Independent Auditor's Report of even date to the members of Gennex Laboratories Limited, on the standalone financial statements for the year ended March 31, 2020**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- c. The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company except for the Land case amounting to Rs.7,78,75,000 is pending registration.
- ii. In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, No material discrepancies were noticed on the aforesaid verification.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, the Company has complied with the provisions of Section 186 in respect of investments and loans. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of guarantees and security.
- v. In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of The Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under the provisions of Section 148 of the Act. As informed to us the provisions of Sec. 148(1) are now applicable and the Cost Audit for the year 2019-20 is in progress.
- vii. a. Undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- b. The dues outstanding in respect of Income tax, sales-tax, service-tax, duty of customs on account of disputes, are as follows:

**Gennex Laboratories Limited**

| Sl. No. | Nature of Statute | Nature of Dues | Amount<br>(₹ in Lacs)<br>(Disputed) | Period to which<br>the amount<br>relates to | From where<br>the dispute<br>is pending |
|---------|-------------------|----------------|-------------------------------------|---------------------------------------------|-----------------------------------------|
| 1       | CST               | Sales Tax      | 96.47                               | 2001-02                                     | CTO                                     |
| 2       | CST               | Sales Tax      | 14.57                               | 2007-08                                     | Appellate DC(CT)                        |
|         | <b>Total</b>      |                | <b>111.04</b>                       |                                             |                                         |
|         |                   |                |                                     | <b>Assmt year</b>                           |                                         |
| 3       | Income Tax        | Income Tax     | 8.22                                | 2001-02                                     | Appellate Authority                     |
|         |                   | Income Tax     | 37.36                               | 2002-03                                     | Appellate Authority                     |
|         |                   | Income Tax     | 3.81                                | 2015-16                                     | Appellate Authority                     |
|         | <b>Total</b>      |                | <b>49.39</b>                        |                                             |                                         |

- viii. The Company has not defaulted in repayment of loans or borrowings to any bank during the year. The Company has loans or borrowings payable to financial institutions or government and does not have any outstanding debentures during the year.
- ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied, on an overall basis, for the purposes for which they were obtained. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments).
- x. 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 material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. Managerial remuneration has been paid / provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- xii. In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- xiii. In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the standalone financial statements etc., as required by the applicable Ind AS.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, provisions of the clause 3(xiv) of the order are not applicable.
- xv. In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act. Accordingly, the provisions of clause 3(xv) of the order are not applicable.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **PPKG & Co.,**  
Chartered Accountants  
Firm Regn. No. 009655S

**Giridhari Lal Toshniwal**  
Partner

Place: Hyderabad  
Date: July 30, 2020

Membership No. 205140  
UDIN: 20205140AAAAEK5237



**Annexure B to the Independent Auditor's Report of even date to the members of Gennex Laboratories Limited, on the standalone financial statements for the year ended March 31, 2020**

**Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

**Opinion**

1. In conjunction with our audit of the standalone financial statements of Gennex Laboratories Limited ('the Company') as at and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.
2. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial Reporting and such controls were operating effectively as at 31 March 2020, 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 issued by the ICAI.

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

3. The Company's Board of Directors 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 ('the Guidance Note') 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 the Company's business, including adherence to the 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 Act.

**Auditor's Responsibility**

4. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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.
6. 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 IFCoFR.

**Meaning of Internal Financial Controls over Financial Reporting**

7. A company's IFCoFR 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 IFCoFR include those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of 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**

8. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **PPKG & Co.**,  
Chartered Accountants  
Firm Regn. No. 009655S

**Giridhari Lal Toshniwal**  
Partner

Membership No. 205140  
UDIN: 20205140AAAAEK5237

Place: Hyderabad  
Date: July 30, 2020

**BALANCE SHEET AS AT MARCH 31, 2020**

|                                                                    | Note<br>No. | As at<br>March 31, 2020<br>₹ | As at<br>March 31, 2019<br>₹ |
|--------------------------------------------------------------------|-------------|------------------------------|------------------------------|
| <b>ASSETS</b>                                                      |             |                              |                              |
| 1. <b>Non-Current Assets</b>                                       |             |                              |                              |
| Property, Plant and Equipment                                      | 3           | 149,276,825                  | 156,381,192                  |
| Capital work-in-progress                                           |             | —                            | —                            |
| <b>Financial Assets</b>                                            |             |                              |                              |
| Investments in Associate                                           | 4(a)        | 70,000,000                   | 70,000,000                   |
| Other Investment                                                   | 4(b)        | 100,000                      | 100,000                      |
| <b>Other non-current financial assets</b>                          |             |                              |                              |
| Other non-current assets                                           | 5           | 2,203,697                    | 2,203,697                    |
| <b>Total non-current assets</b>                                    |             | <u>221,580,522</u>           | <u>228,684,889</u>           |
| 2. <b>Current Assets</b>                                           |             |                              |                              |
| Inventories                                                        | 6           | 74,373,126                   | 53,271,050                   |
| <b>Financial Assets</b>                                            |             |                              |                              |
| Trade receivables                                                  | 7           | 62,795,865                   | 103,977,482                  |
| Cash and Cash Equivalents                                          | 8(a)        | 1,937,409                    | 1,950,830                    |
| Bank Balance other than Cash & Cash Equivalents                    | 8(b)        | 7,188,728                    | 29,514,129                   |
| Other Current Assets                                               | 9           | 182,741,542                  | 76,753,375                   |
| <b>Total Current Financial Assets</b>                              |             | <u>254,663,544</u>           | <u>212,195,816</u>           |
| Current tax assets (Net)                                           |             | —                            | —                            |
| Other Current Assets                                               | 10          | 20,645,089                   | 24,979,019                   |
| <b>Total Current Assets</b>                                        |             | <u>349,681,759</u>           | <u>290,445,885</u>           |
| <b>Total Assets</b>                                                |             | <u>571,262,281</u>           | <u>519,130,774</u>           |
| <b>EQUITY AND LIABILITIES</b>                                      |             |                              |                              |
| 1. <b>Equity</b>                                                   |             |                              |                              |
| Equity Share Capital                                               | 11          | 126,503,000                  | 126,503,000                  |
| Other Equity                                                       | 12          | 232,037,642                  | 213,474,303                  |
| Total Equity                                                       |             | <u>358,540,642</u>           | <u>339,977,303</u>           |
| <b>Non-Current Liabilities</b>                                     |             |                              |                              |
| Financial Liabilities                                              |             |                              |                              |
| Other Financial Liabilities                                        | 13          | 154,902                      | 549,333                      |
| <b>Deferred Tax Liabilities (Net)</b>                              | 14          | 3,989,378                    | 5,601,086                    |
| Total Non-Current Liabilities                                      |             | <u>4,144,280</u>             | <u>6,150,419</u>             |
| 2. <b>Current Liabilities</b>                                      |             |                              |                              |
| Financial Liabilities                                              |             |                              |                              |
| Borrowings                                                         | 15          | 49,843,195                   | 45,387,053                   |
| Trade Payables                                                     |             |                              |                              |
| Total outstanding dues of MSME's (refer Note)                      |             | —                            | —                            |
| Total outstanding dues of creditors other than MSME's (refer Note) | 16          | 81,320,389                   | 81,543,720                   |
| Other Financial Liabilities                                        | 17          | 53,251,793                   | 31,507,833                   |
| Total Current Financial Liabilities                                |             | <u>184,415,377</u>           | <u>158,438,606</u>           |
| Other Current Liabilities                                          |             |                              |                              |
| Provisions                                                         | 18          | 2,813,825                    | 1,711,493                    |
| Current Tax Liabilities (Net)                                      | 19          | 21,348,157                   | 12,852,953                   |
| Total Current Liabilities                                          |             | <u>24,161,982</u>            | <u>14,564,446</u>            |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                |             | <u>571,262,281</u>           | <u>519,130,774</u>           |

**Significant Accounting Policies and Notes on Financial Statements 1 to 44**

The accompanying notes form an integral part of financial statements

Per our report attached

For **PPKG & Co.**,  
Chartered Accountants  
Firm Regn. No. 009655S  
**Giridhari Lal Toshniwal**  
Partner  
Membership No. 205140  
UDIN: UDIN: 20205140AAAAEK5237  
Place: Hyderabad  
Date : July 30, 2020

For and on behalf of the Board of Directors

**Arihant Baid**  
Managing Director  
DIN: 01171845  
**Laxmipat Baid**  
Chief Financial Officer  
**T.M. Gopalakrishnan**  
Whole Time Director  
DIN: 03137458

**Gennex Laboratories Limited****PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020**

|                                                                                                  | Note No. | Year Ended<br>March 31, 2020<br>₹ | Year Ended<br>March 31, 2019<br>₹ |
|--------------------------------------------------------------------------------------------------|----------|-----------------------------------|-----------------------------------|
| <b>I Income</b>                                                                                  |          |                                   |                                   |
| <b>Revenue from Operations</b>                                                                   | 20       | 599,577,879                       | 599,599,601                       |
| Less: Excise/ GST                                                                                |          | 43,404,822                        | 41,572,789                        |
|                                                                                                  |          | 556,173,057                       | 558,026,812                       |
| <b>II Other Income</b>                                                                           | 21       | 9,513,970                         | 7,825,059                         |
| <b>III Total Income (I + II)</b>                                                                 |          | 565,687,027                       | 565,851,871                       |
| <b>IV Expenses:</b>                                                                              |          |                                   |                                   |
| Cost of Material Consumed                                                                        | 22       | 351,311,271                       | 346,805,459                       |
| Purchase of Stock-in-trade                                                                       |          | —                                 | 4,052,204                         |
| Change in Inventories of Finished Goods,                                                         |          |                                   |                                   |
| Stock in Trade and Work-in-Progress                                                              | 23       | (15,110,655)                      | (23,882,149)                      |
| Employee Benefits Expenses                                                                       | 24       | 68,118,934                        | 61,219,500                        |
| Finance Costs                                                                                    | 25       | 7,535,759                         | 7,937,827                         |
| Depreciation Expenses                                                                            | 3        | 10,049,711                        | 9,847,416                         |
| Other Expenses                                                                                   | 26       | 119,382,145                       | 129,599,701                       |
| Total Expenses (IV)                                                                              |          | 541,287,165                       | 535,579,958                       |
| <b>V Profit/(Loss) before Exceptional Items &amp; Tax (I-IV)</b>                                 |          | 24,399,862                        | 30,271,913                        |
| <b>VI Exceptional Items</b>                                                                      | 27       | 1,086,181                         | —                                 |
| <b>VII Profit before Tax</b>                                                                     |          | 25,486,043                        | 30,271,913                        |
| <b>VIII Tax Expense</b>                                                                          |          |                                   |                                   |
| Adjustment of tax relating to previous years                                                     |          | (1,034,412)                       | (15,220)                          |
| Current Tax                                                                                      |          | (7,500,000)                       | (8,500,000)                       |
| Deferred Tax                                                                                     |          | 1,611,708                         | 450,835                           |
| <b>IX Profit/(Loss) for the year from continuing operations (VII-VIII)</b>                       |          | 18,563,339                        | 22,207,528                        |
| <b>X Profit/(Loss) for the period from discontinued operations</b>                               |          | —                                 | —                                 |
| <b>XI Tax Expenses of discontinued operations</b>                                                |          | —                                 | —                                 |
| <b>XII Profit/(Loss) for the period from discontinued operations</b>                             |          | —                                 | —                                 |
| <b>XIII Profit/(Loss) for the period (IX+XII)</b>                                                |          | 18,563,339                        | 22,207,528                        |
| <b>XIV Other Comprehensive Income</b>                                                            |          |                                   |                                   |
| A i. Items that will not be reclassified to Profit or Loss                                       |          | —                                 | —                                 |
| ii. Income Tax relating to items that will not be reclassified to Profit or Loss                 |          | —                                 | —                                 |
| B i. Items that will be reclassified to Profit or Loss                                           |          | —                                 | —                                 |
| ii. Income Tax relating to items that will be reclassified to Profit or Loss                     |          | —                                 | —                                 |
| <b>XV Total comprehensive Income for the period (XIII+XIV)</b>                                   |          |                                   |                                   |
| [Comprising Profit and Other Comprehensive Income for the Period]                                |          | 18,563,339                        | 22,207,528                        |
| <b>XVI Earning per Equity Share for continuing operation in ₹ (Face value per share ₹1 each)</b> |          |                                   |                                   |
| 1. Basic                                                                                         | 28       | 0.147                             | 0.176                             |
| 2. Diluted                                                                                       |          | 0.147                             | 0.176                             |
| <b>XVII Earning per Equity Share for discontinuing operation</b>                                 |          |                                   |                                   |
| 1. Basic                                                                                         |          | —                                 | —                                 |
| 2. Diluted                                                                                       |          | —                                 | —                                 |
| <b>XVIII Earning per Equity Share (for continuing &amp; discontinued operations)</b>             |          |                                   |                                   |
| 1. Basic                                                                                         |          | 0.147                             | 0.176                             |
| 2. Diluted                                                                                       |          | 0.147                             | 0.176                             |

**Significant Accounting Policies and Notes on Financial Statements 1 to 44**

The accompanying notes form an integral part of financial statements

Per our report attached

For **PPKG & Co.,**

Chartered Accountants

Firm Regn. No. 009655S

**Giridhari Lal Toshniwal**

Partner

Membership No. 205140

UDIN: UDIN: 20205140AAAAEK5237

Place: Hyderabad

Date : July 30, 2020

For and on behalf of the Board of Directors

**Arihant Baid**

Managing Director

DIN: 01171845

**Laxmipat Baid**  
Chief Financial Officer**T.M. Gopalakrishnan**

Whole Time Director

DIN: 03137458



|                                                                        | 31.03.2020<br>(₹)    | 31.03.2019<br>(₹)  |
|------------------------------------------------------------------------|----------------------|--------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                          |                      |                    |
| Net Profit before Tax                                                  | 2,54,86,043          | 3,02,71,913        |
| Adjustment for:                                                        |                      |                    |
| Depreciation and amoratisation expense                                 | 1,00,49,711          | 98,47,416          |
| Finance Cost                                                           | 75,35,759            | 79,37,827          |
| Interest Income                                                        | (7,93,043)           | (4,71,949)         |
| (Gain)/loss on sale of asset                                           | —                    | —                  |
| <b>Operating Profit before working capital changes</b>                 | <b>4,22,78,470</b>   | <b>4,75,85,207</b> |
| Adjustment for:                                                        |                      |                    |
| Trade payables and other liability                                     | 2,26,22,961          | (3,27,90,985)      |
| Trade receivables                                                      | 4,11,81,617          | 6,13,660           |
| Inventories                                                            | (2,11,02,076)        | (2,98,84,646)      |
| Financial and other Assets                                             | (10,16,54,237)       | 3,67,47,757        |
| <b>Cash generated from operations</b>                                  | <b>(1,66,73,265)</b> | <b>2,22,70,992</b> |
| Adjustments for:                                                       |                      |                    |
| Income Taxes paid                                                      | (39,208)             | (35,15,220)        |
| <b>Net Cash from operating activities</b>                              | <b>(1,67,12,473)</b> | <b>1,87,55,772</b> |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                          |                      |                    |
| Purchase of property, plant and equipment                              | (29,45,344)          | (1,04,15,299)      |
| Sale of property, plant and equipment                                  | —                    | —                  |
| Interest Income                                                        | 7,93,043             | 4,71,949           |
| <b>Net Cash used in Investing activities</b>                           | <b>(21,52,301)</b>   | <b>(99,43,350)</b> |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                          |                      |                    |
| Proceeds from Borrowings                                               | —                    | —                  |
| Changes in Long Term Borrowings                                        | (3,94,431)           | (37,63,107)        |
| Changes in Short Term Borrowings (Net)                                 | 44,56,142            | 2,41,70,817        |
| Interest Paid                                                          | (75,35,759)          | (79,37,827)        |
| <b>Net Cash from Financing activities</b>                              | <b>(34,74,048)</b>   | <b>1,24,69,883</b> |
| <b>Net Increase / (Decrease) in Cash and Cash equivalent ( A+B+C )</b> | <b>(2,23,38,822)</b> | <b>2,12,82,305</b> |
| <b>Cash and Cash Equivalents as at the beginning of the year</b>       | <b>3,14,64,959</b>   | <b>1,01,82,653</b> |
| <b>Cash and Cash Equivalents as at the end of the year</b>             | <b>91,26,137</b>     | <b>3,14,64,959</b> |

**Notes:**

1. The above Cash Flow Statement has been prepared under the “Indirect Method” set out in Indian Accounting Standard (Ind-AS)- 7 on Statement of Cash Flow.
2. Figures in bracket indicate cash outflow.
3. Previous year comparatives have been reclassified to conform with current year’s presentation, wherever applicable.

Per our report attached

For **PPKG & Co.,**

Chartered Accountants

Firm Regn. No. 009655S

**Giridhari Lal Toshniwal**

Partner

Membership No. 205140

UDIN: UDIN: 20205140AAAAEK5237

Place: Hyderabad

Date : July 30, 2020

For and on behalf of the Board of Directors

**Arihant Baid**

Managing Director

DIN: 01171845

**Laxmipat Baid**  
Chief Financial Officer**T.M. Gopalakrishnan**  
Whole Time Director  
DIN: 03137458



Statement of Changes in Equity

**A. EQUITY SHARE CAPITAL**

| Notes                           | Number of shares | Amount      |
|---------------------------------|------------------|-------------|
| As at 1 April 2018              | 126,503,000      | 126,503,000 |
| Changes in equity share capital |                  |             |
| As at 31 March 2019             | 126,503,000      | 126,503,000 |
| Changes in equity share capital |                  |             |
| As at 31 March 2019             | 126,503,000      | 126,503,000 |

**B. OTHER EQUITY**

|                                                           | Share application money pending allotment | Equity component of financial instrument | Reserves and Securities Premium Reserve | Other Reserve (specify nature) | Retained Earnings | Debt instrument through other Comprehensive Income | Equity instrument through other Comprehensive Income | Effective Portion of Cash Flow Hedges | Effective difference on Translation of the financial statement | Other items of Comprehensive Income (Specify nature) | Money Received against Share Capital | Total     |
|-----------------------------------------------------------|-------------------------------------------|------------------------------------------|-----------------------------------------|--------------------------------|-------------------|----------------------------------------------------|------------------------------------------------------|---------------------------------------|----------------------------------------------------------------|------------------------------------------------------|--------------------------------------|-----------|
| Balance at the beginning of the reporting period 2018     |                                           |                                          | 725000                                  | 6000000                        | 722892            | 108493218                                          |                                                      |                                       |                                                                |                                                      |                                      | 182909110 |
| Changes in accounting policy or prior period errors       |                                           |                                          |                                         |                                |                   |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Restated balance at the beginning of the reporting period |                                           |                                          |                                         |                                |                   |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Total Comprehensive                                       |                                           |                                          |                                         |                                |                   |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Income for the year                                       |                                           |                                          |                                         |                                |                   | 8357665                                            |                                                      |                                       |                                                                |                                                      |                                      | 8357665   |
| Dividends                                                 |                                           |                                          |                                         |                                |                   |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Transfer to retained earnings                             |                                           |                                          |                                         |                                |                   |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Investment Subsidy                                        |                                           |                                          |                                         |                                |                   | 0                                                  |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Any Other Change (Depreciation)                           |                                           |                                          |                                         |                                |                   | 0                                                  |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Balance at the end of the reporting period 2018           |                                           |                                          | 725000                                  | 6000000                        | 722892            | 116793883                                          |                                                      |                                       |                                                                |                                                      |                                      | 191286775 |
| Balance at the beginning of the reporting period 2019     | -                                         |                                          | 725000                                  | 6000000                        | 722892            | 116793883                                          | 0                                                    | 0                                     | 0                                                              | 0                                                    | 0                                    | 191286775 |
| Changes in accounting policy or prior period errors       | -                                         | -                                        | -                                       | -                              | -                 | -                                                  | -                                                    | -                                     | -                                                              | -                                                    | -                                    | 0         |
| Restated balance at the beginning of the reporting period |                                           |                                          |                                         |                                |                   |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |



| Share applica-<br>tion on money<br>pending allotment      | Equity compo-<br>nent of financial<br>instrument | Reserves and Surplus<br>Capital Securities<br>Reserve Premium<br>Reserve | Other Reserve<br>(specify nature) | Retained Earning | Debt instrument<br>through other<br>Comprehen-<br>sive Income | Equity instrument<br>through other<br>Comprehen-<br>sive Income | Effective Portion<br>of Cash Flow<br>Hedges | Effective difference on<br>Translation of the<br>financial statement | Other items of<br>Comprehen-<br>sive income<br>(Specify nature) | Money Received<br>against Share<br>Capital | Total     |
|-----------------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------|------------------|---------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------|--------------------------------------------|-----------|
| Total Comprehensive                                       |                                                  |                                                                          |                                   | 22007528         |                                                               |                                                                 |                                             |                                                                      |                                                                 |                                            | 0         |
| Income for the year                                       |                                                  |                                                                          |                                   | 22007528         |                                                               |                                                                 |                                             |                                                                      |                                                                 |                                            | 22007528  |
| Dividends                                                 |                                                  |                                                                          |                                   |                  |                                                               |                                                                 |                                             |                                                                      |                                                                 |                                            | 0         |
| Transfer to retained earnings                             |                                                  |                                                                          |                                   |                  |                                                               |                                                                 |                                             |                                                                      |                                                                 |                                            | 0         |
| Investment Subsidy                                        |                                                  |                                                                          |                                   | 0                |                                                               |                                                                 |                                             |                                                                      |                                                                 |                                            | 0         |
| Any Other Change (Depreciation)                           |                                                  |                                                                          |                                   | 0                |                                                               |                                                                 |                                             |                                                                      |                                                                 |                                            | 0         |
| Balance at the end of the reporting period 2019           | 7250000                                          | 60000000                                                                 | 7222892                           | 139001411        |                                                               |                                                                 |                                             |                                                                      |                                                                 |                                            | 213474903 |
| Balance at the beginning of the reporting period 2020     | -                                                | 7250000                                                                  | 60000000                          | 7222892          | 139001411                                                     | 0                                                               | 0                                           | 0                                                                    | 0                                                               | 0                                          | 213474903 |
| Changes in accounting policy or prior period errors       | -                                                | -                                                                        | -                                 | -                | -                                                             | -                                                               | -                                           | -                                                                    | -                                                               | -                                          | 0         |
| Restated balance at the beginning of the reporting period | -                                                | -                                                                        | -                                 | -                | -                                                             | -                                                               | -                                           | -                                                                    | -                                                               | -                                          | 0         |
| Total Comprehensive                                       |                                                  |                                                                          |                                   | 18563339         |                                                               |                                                                 |                                             |                                                                      |                                                                 |                                            | 0         |
| Income for the year                                       |                                                  |                                                                          |                                   | 18563339         |                                                               |                                                                 |                                             |                                                                      |                                                                 |                                            | 18563339  |
| Dividends                                                 |                                                  |                                                                          |                                   |                  |                                                               |                                                                 |                                             |                                                                      |                                                                 |                                            | 0         |
| Transfer to retained earnings                             |                                                  |                                                                          |                                   |                  |                                                               |                                                                 |                                             |                                                                      |                                                                 |                                            | 0         |
| Investment Subsidy                                        |                                                  |                                                                          |                                   | 0                |                                                               |                                                                 |                                             |                                                                      |                                                                 |                                            | 0         |
| Any Other Change                                          |                                                  |                                                                          |                                   | 0                |                                                               |                                                                 |                                             |                                                                      |                                                                 |                                            | 0         |
| Balance at the end of the reporting period 2020           | 7250000                                          | 60000000                                                                 | 7222892                           | 157564750        |                                                               |                                                                 |                                             |                                                                      |                                                                 |                                            | 232037642 |

Note: Re-measurement of defined benefit plans and fair value changes relation to own credit risk of financial liabilities designated at fair value through profit or loss shall be recognised as part of retained earnings with separate disclosure of such items along with the relevant amounts in the notes.



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**NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER  
EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020**

**1. Company Background**

Gennex Laboratories Limited (“the Company”) is a public limited company domiciled and incorporated in India in accordance with the provisions of the Companies Act, 1956. The registered office of the Company is located at Sy.No.133, IDA Bollaram, Jinnaram Mandal, Sangareddy District – 502 325, Telangana. The equity shares of the Company are listed on the Bombay Stock Exchange.

The Company is engaged in the business of manufacturing of Bulk Drugs and Intermediaries. The Company has manufacturing facilities in India which caters to both domestic and international markets.

These financial statements for the year ended March 31, 2020, were authorized and approved for issue by the Board of Directors on July 30, 2020.

**2. Significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of the Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1. Basis of Preparation**

**i. Compliance with Ind AS**

The Financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the “Act”) [Companies (Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

**ii. Historical cost convention**

The financial statements have been prepared on going concern basis under the historical cost basis except for the following:

- Certain Financial assets and liabilities which are measured at fair value.
- Defined benefit plans – plan assets measured at fair value; and
- Contingent Consideration

**iii. New and amended standards adopted by the Company**

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1st April, 2018:

- Ind AS 115, Revenue from Contracts with Customers
- Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates.
- **Ind AS 116, Leases:**

Ind AS 116 removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability (the obligation to pay rentals). An optional exemption exists for short-term and low value leases. The standard may not have a significant impact on the Group’s financial statements considering the number of assets under operating lease arrangement as at 31 March 2019. On implementation of Ind AS 116, the operating lease charges will be replaced with interest and depreciation expenses.



These changes will affect key ratios like profit margin, operating margin, EBITDA margin etc. Further, operating cash flows portion of the lease liability will be classified within financing activities.

The effect on adoption of Ind AS 116 would be insignificant in the financial statements.

· Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments:

On 30 March 2019, the Ministry of Corporate Affairs has notified Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount of the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax

**The standard permits two possible methods of transition:**

- Full retrospective approach – Under this approach Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, without using hind sight, and
- Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

The Group is currently assessing the detailed financial impact of this standard on its financial statements.

**Amendment to Ind AS 12, Income Taxes:**

On 30 March 2019, the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 01, 2019. The Group is currently evaluating the effect of this amendment on the financial statements.

**iv. Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period



All other assets are classified as non-current. A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

**v. Rounding of amounts**

All amounts disclosed in the Financial Statements and notes have been rounded off to the nearest rupees as per the requirement of Schedule III, unless otherwise stated.

**2.2. Properties, plant and equipment (PPE) Recognition and initial measurements**

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its Working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

**Depreciation method, estimated useful lives and residual values**

The classification of Plant and equipment into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives as estimated by management which coincides with rates prescribed in Schedule II to the Companies Act, 2013.

Cost of the leasehold land is amortized on a straight-line basis over the term of the lease.

The residual values, useful lives and method of depreciation of are reviewed at each financial year end and adjusted prospectively, if appropriate.

**De-recognition**

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de- Recognition of the asset (calculated as the Difference between the net disposal proceeds and the carrying amount of the asset) is included in the other income/other expenses when the asset is derecognized.

**2.3. Intangible Assets**

**Recognition and initial measurement**

Intangible assets (including software) are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.



#### **Amortisation method and period**

Computer software is amortised on a pro-rata basis using the straight-line method over its estimated useful life of 3 years from the date they are available for use. Amortisation method and useful lives are reviewed periodically including at each financial year end. Investment Properties

#### **2.4. Impairment of non-financial assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group or assets (cash-generating units). The Company's corporate assets (eg. Central office building for providing support to various CGUs) do not generate independent cash flows. To determinate impairment of corporate assets, recoverable amount is determined for the CGUs to which the corporate assets belongs.

#### **2.5. Inventories**

- Stores & Spares are valued at cost or at net realizable value, whichever is lower. Cost is arrived at Weighted Average Basis.
- Raw Material, Semi-Finished Goods, Finished Goods are valued at Cost or Market Value whichever is lower. Cost is arrived at FIFO method.
- Obsolescence and Damaged materials are valued at Realizable Value.

#### **2.6. Operating Leases**

##### **As a lessee**

Leases of property, plant and equipment where the Company, as a lessee, has substantial risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fire value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding lease rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability of each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are clarified as operating leases. Payments made under operating leases are charges to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

##### **As a Lessor**

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary costs increases. The respective leased assets are included in the Balance Sheet based on their nature.



## **2.7. Investment and other financial assets**

### **Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

### **Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

### **Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other income'.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the Statement of Profit and Loss within 'Other income' in the period in which it arises.

**Equity instruments**

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other income' in the Statement of Profit and Loss.

**Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**De-recognition of financial assets**

A financial asset is derecognised only when

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retainssubstantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**Income recognition Interest income**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

**Dividends**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**Fair value of financial instruments**

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow



analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

**2.8. Derivative instruments**

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period, with changes included in 'Other income'/'Other expenses'

**2.9. Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**2.10. Trade Receivables**

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**2.11. Cash and Cash equivalents**

For the purpose of presentation in the Cash Flow Statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**2.12. Trade payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**2.13. Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**2.14. Non-current assets (or disposal groups) held for sale**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Balance Sheet.

**2.15. 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 is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognised.

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volumerebates.

**2.16 Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

**2.17 Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of aqualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

**2.18 Foreign currency transactions and translation****i. Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupee (Rs.), which is the Company's functional and presentation currency.

**ii. Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. The exchange differences arising from settlement of foreign currency transactions and from the year-end restatement are recognised in profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs, if any, are presented in the Statement of Profit and Loss, within 'Finance costs'. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within 'Other income/Other expenses'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

**2.19 Employee benefits****i. Short-term employee benefits**

Liabilities for short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

**ii. Post-employment benefits. Defined benefit plans**

The liability or asset recognised in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in 'Employee benefits expense' in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. These are included in retained earnings in the Statement of Changes in Equity.

The Company has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service



and final salary. The liability recognised in the balance sheet for Defined Benefit Plans as the present value of the Defined Benefit Obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of Independent actuaries. Actuarial gains and losses resulting from re-measurements of the liability are included in other comprehensive income.

The Company has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC). Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement or in the event of death in lumpsum after deduction of necessary taxes upto a maximum limit of 20 lacs. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund.

#### **Defined contribution plans**

Contributions under defined contribution plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

#### **iii. Other long-term employee benefits**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured annually by actuaries as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented under 'Employee benefit obligations' (current) in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### **2.20. Income Taxes**

Tax expense recognized in statement of profit or loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused



tax loss or credit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognized outside profit or loss (either in other comprehensive income or inequity).

Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax bases that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

#### **2.21. Provision and Contingencies**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only 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 arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

#### **2.22. Dividends**

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

#### **2.23. Earnings per share**

##### **i. Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

##### **ii. Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:



- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**2.24 Segment Reporting**

The Company is engaged in manufacture of Bulk Drugs & Intermediates which in the context of Accounting Standard – 17 issued by the Institute of Chartered Accountants of India is considered as a single segment– Ref. Note 31D.

**2.25. Critical estimates and judgments**

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

- Employee benefits (estimation of defined benefit obligation)  
Post-employment benefits represent obligations that will be settled in the future and require assumptions to project benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of future benefit costs over the employee's approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires the Company to make assumptions regarding variables such as discount rate and salary growth rate. Changes in these key assumptions can have a significant impact on the defined benefit obligations.
- Impairment of trade receivables  
The risk of un collectability of trade receivables is primarily estimated based on prior experience with, and the past due status of, doubtful debtors, based on factors that include ability to pay, bankruptcy and payment history. The assumptions and estimates applied for determining the provision for impairment are reviewed periodically.



**Note 3: PROPERTY, PLANT AND EQUIPMENT**

|                                                | Land       | Factory Buildings | Plant and Equipments (d) | Furniture and Fixtures | Vehicles   | Capital work in Progress | Total       |
|------------------------------------------------|------------|-------------------|--------------------------|------------------------|------------|--------------------------|-------------|
|                                                | ₹          | ₹                 | ₹                        | ₹                      | ₹          | ₹                        | ₹           |
| <b>Gross carrying amount</b>                   |            |                   |                          |                        |            |                          |             |
| Cost/deemed cost as at 1st April 2017          | 84,181,540 | 16,978,278        | 137,742,636              | 27,475,057             | 13,572,142 | 2,319,990                | 282,269,643 |
| Additions                                      | 0          | 3,283,977         | 5,759,878                | 896,502                | 0          | 0                        | 9,940,357   |
| Disposals / deductions                         | 0          | 0                 | 624,000                  | 0                      | 0          | 2,319,990                | 2,943,990   |
| Transfer to assets classified as held for sale | 0.00       | -                 | -                        | -                      | -          | -                        | 0.00        |
| As at 31st March 2018                          | 84,181,540 | 20,262,255        | 142,878,514              | 28,371,559             | 13,572,142 | 0                        | 289,266,010 |
| Additions                                      | 0          | 0                 | 8,907,690                | 1,507,609              | 0          | 0                        | 10,415,299  |
| Disposals / deductions                         | 0          | 0.00              | 0.00                     | 0.00                   | 0.00       | 0.00                     | 0.00        |
| Transfer to assets classified as held for sale | 0          | 0                 | 0                        | 0                      | 0          | 0                        | 0.00        |
| As at 31st March 2019                          | 84,181,540 | 20,262,255        | 151,786,204              | 29,879,168             | 13,572,142 | 0                        | 299,681,309 |
| Additions                                      | 0          | 0                 | 2,740,000                | 205,344                | 0          | 0                        | 2,945,344   |
| Disposals / deductions                         | 0          | 0.00              | 0.00                     | 0.00                   | 0.00       | 0.00                     | 0.00        |
| Transfer to assets classified as held for sale | 0          | 0                 | 0                        | 0                      | 0          | 0                        | 0.00        |
| As at 31st March 2020                          | 84,181,540 | 20,262,255        | 154,526,204              | 30,084,512             | 13,572,142 | 0                        | 302,626,653 |
| <b>Accumulated depreciation</b>                |            |                   |                          |                        |            |                          |             |
| As at 1st April 2017                           | 0          | 9,386,325         | 87,870,485               | 20,921,444             | 6,679,998  | 0                        | 124,858,252 |
| Charge for the year                            | 0          | 549,740           | 5,508,986                | 1,804,988              | 1,354,735  | 0                        | 9,218,449   |
| Disposals / deductions                         | 0          | 0                 | 624,000                  | 0                      | 0          | 0                        | 624,000     |
| As at 31st March 2018                          | 0          | 9,936,065         | 92,755,471               | 22,726,432             | 8,034,733  | 0                        | 133,452,701 |
| Charge for the year                            | 0          | 601,427           | 595,711                  | 195,075                | 133,811    | 0                        | 984,741     |
| Disposals / deductions                         | 0          | 0                 | 0                        | 0                      | 0          | 0                        | 0           |
| As at 31st March 2019                          | 0          | 10,537,492        | 98,712,586               | 24,677,191             | 9,372,848  | 0                        | 143,300,117 |
| Charge for the year                            | 0          | 601,427           | 621,819                  | 190,649                | 132,359    | 0                        | 100,497     |
| Disposals / deductions                         | 0          | 0                 | 0                        | 0                      | 0          | 0                        | 0           |
| As at 31st March 2020                          | 0          | 11,138,919        | 104,930,781              | 26,583,682             | 10,696,446 | 0                        | 153,349,828 |
| <b>Net carrying amount</b>                     |            |                   |                          |                        |            |                          |             |
| As at 31st March 2019                          | 84,181,540 | 9,724,763         | 53,073,618               | 5,201,977              | 4,199,294  | 0                        | 156,381,192 |
| As at 31st March 2020                          | 84,181,540 | 9,123,336         | 49,595,423               | 3,500,830              | 2,875,696  | 0                        | 149,768,256 |



|                                                                                            | As at<br>March 31, 2020<br>₹ | As at<br>March 31, 2019<br>₹ |
|--------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>4 FINANCIAL ASSETS</b>                                                                  |                              |                              |
| <b>Unquoted</b>                                                                            |                              |                              |
| a. <b>Investment in Associates</b>                                                         |                              |                              |
| 5500000 Equity Shares of ₹10 each fully paid up<br>in Deccan Remedies Limited              | 70,000,000                   | 70,000,000                   |
| b. <b>Other Investments</b>                                                                |                              |                              |
| 1000 Equity Shares of ₹100 each fully paid up<br>in Progressive Effluent Treatment Limited | 100,000                      | 100,000                      |
| Total                                                                                      | <u>70,100,000</u>            | <u>70,100,000</u>            |
| <b>5 OTHER NON-CURRENT ASSETS</b>                                                          |                              |                              |
| Security Deposit                                                                           | 2,203,697                    | 2,203,697                    |
| Total                                                                                      | <u>2,203,697</u>             | <u>2,203,697</u>             |
| <b>6 INVENTORIES (As valued and certified<br/>by Management)</b>                           |                              |                              |
| <b>Valued at lower of cost and net realisable value</b>                                    |                              |                              |
| i. Stores & Spares                                                                         | 1,712,425                    | 1,797,255                    |
| ii. Packing Material                                                                       | 802,930                      | 525,900                      |
| iii. Coal & Diesel                                                                         | 456,646                      | 251,968                      |
| iv. Raw Materials                                                                          | 20,865,655                   | 15,271,112                   |
| v. Finished Goods                                                                          | 31,509,540                   | 17,964,943                   |
| vi. Work-in-process                                                                        | 19,025,930                   | 17,459,872                   |
| Total                                                                                      | <u>74,373,126</u>            | <u>53,271,050</u>            |
| <b>7 TRADE RECEIVABLES</b>                                                                 |                              |                              |
| <b>Trade Receivables</b>                                                                   | 62,795,865                   | 103,977,482                  |
| <b>Receivable from Related Parties</b>                                                     | —                            | —                            |
| <b>Less: Loss Allowance</b>                                                                | —                            | —                            |
| Total Receivable                                                                           | 62,795,865                   | 103,977,482                  |
| <b>Current portion</b>                                                                     | 54,906,077                   | 97,660,189                   |
| <b>Non-current portion</b>                                                                 | 7,889,788                    | 6,317,293                    |
| Break-up of security details                                                               |                              |                              |
| Trade receivables considered good - secured                                                | —                            | —                            |
| Trade receivables considered good - unsecured                                              | 62,795,865                   | 103,977,482                  |
| Trade receivables - which have significant<br>increase in credit risk                      | —                            | —                            |
| Trade receivables - credit impaired                                                        | —                            | —                            |
| Total                                                                                      | <u>62,795,865</u>            | <u>103,977,482</u>           |
| Less: Loss Allowance                                                                       | —                            | —                            |
| <b>Total trade receivables</b>                                                             | <u>62,795,865</u>            | <u>103,977,482</u>           |
| a. Trade receivables are non-interest bearing and are generally on terms of up to 90 days  |                              |                              |

**Gennex Laboratories Limited**

|                                                                                                      | As at<br>March 31, 2020<br>₹ | As at<br>March 31, 2019<br>₹ |
|------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>8 CASH AND CASH EQUIVALENTS</b>                                                                   |                              |                              |
| a. Cash on hand                                                                                      | 1,937,409                    | 1,950,830                    |
| b. Balances with Banks                                                                               |                              |                              |
| i. In Current Accounts                                                                               | 29,259                       | 460,424                      |
| ii. In Deposit Accounts<br>(Margin Money against LCs/BG)                                             | 6,417,768                    | 29,053,705                   |
| iii. Cheques in hand                                                                                 | 741,701                      | —                            |
| Total                                                                                                | 9,126,137                    | 31,464,959                   |
| <b>9 OTHER FINANCIAL ASSETS - SHORT TERM LOANS &amp; ADVANCES</b>                                    |                              |                              |
| Particulars (Unsecured, considered good, recoverable in cash<br>or in kind for value to be received) |                              |                              |
| a. Loans and advances to related parties<br>Unsecured, considered good                               | —                            | —                            |
| b. Loans and advances to employees<br>Unsecured, considered good                                     | 27,132,628                   | 23,829,932                   |
| c. Advances to Contractors, Suppliers<br>Unsecured, considered good                                  | 4,089,042                    | 3,433,742                    |
| d. Advances recoverable cash or in kind                                                              | 151,519,872                  | 49,489,701                   |
| Total                                                                                                | 182,741,542                  | 76,753,375                   |
| <b>10 OTHER CURRENT ASSETS</b>                                                                       |                              |                              |
| a. Prepaid Expenses<br>Unsecured, considered good                                                    | 813,016                      | 1,457,687                    |
| b. Balances with Government Authorities<br>Unsecured, considered good                                |                              |                              |
| i. GST credit receivable                                                                             | 8,366,492                    | 8,936,738                    |
| ii. Balances with Central Excise Deptt                                                               | 24,833                       | 24,833                       |
| iii. VAT credit receivable                                                                           | 9,727,780                    | 10,429,112                   |
| iv. Meis claim receivable                                                                            | 1,403,713                    | 3,851,214                    |
| c. Accrued Interest                                                                                  | 309,255                      | 279,435                      |
| Total                                                                                                | 20,645,089                   | 24,979,019                   |



|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | As at<br>March 31, 2020<br>₹ | As at<br>March 31, 2019<br>₹   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------|
| <b>11 EQUITY</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                              |                                |
| <b>SHARE CAPITAL</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                              |                                |
| <b>Authorised Capital</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                              |                                |
| 160,000,000 Equity Shares of ₹1 each                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                              |                                |
| ( Previous Year 160,000,000 Equity Shares of ₹1 each)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>160,000,000</b>           | 160,000,000                    |
| <b>11.1 Issued Shares</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                              |                                |
| 126,503,000 Equity Shares of ₹1 each                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                              |                                |
| (Previous Year 126,503,000 Equity Shares of ₹1 each)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>126,503,000</b>           | 126,503,000                    |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>126,503,000</b>           | 126,503,000                    |
| <b>11.2 Subscribed and Paid-up Shares</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                              |                                |
| 126,503,000 Equity Shares of ₹1 each                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                              |                                |
| (Previous Year 126,503,000 Equity Shares of ₹1 each)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>126,503,000</b>           | 126,503,000                    |
| Forfeited Shares (amount originally paid-up)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | —                            | —                              |
| <b>Total subscribed and paid-up share capital</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>126,503,000</b>           | 126,503,000                    |
| <b>11.2.1 a. The reconciliation of the no. of shares outstanding at the beginning and at the end of the year</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                              |                                |
| At the beginning of the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>126,503,000</b>           | 126,503,000                    |
| Outstanding at the end of the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>126,503,000</b>           | 126,503,000                    |
| <b>b. Terms/rights attached to equity shares</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                              |                                |
| The Company has only one class of equity shares having a part value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuring Annual General Meeting except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. |                              |                                |
| <b>11.2.2 The details of share holders holding more than 5% shares:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                              |                                |
| Premier Fiscal Services (P) Ltd                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>25,000,000</b>            | <b>19.76</b> *25,000,000 19.76 |
| <b>12 OTHER EQUITY</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                              |                                |
| Share Premium                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>60,000,000</b>            | 60,000,000                     |
| Investment Subsidy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>2,000,000</b>             | 2,000,000                      |
| General Reserve                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>7,222,892</b>             | 7,222,892                      |
| Capital Reserve (Forfeit of warrant)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>7,250,000</b>             | 7,250,000                      |
| Retained Profit on Fixed Assets net of defer tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>(1,407,367)</b>           | (1,407,367)                    |
| Balance in Profit & Loss                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                              |                                |
| Balance at the beginning of the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>138,408,778</b>           | 116,201,250                    |
| Add: Profit for the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>18,563,339</b>            | 22,207,528                     |
| Balance at the Closing of the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>156,972,117</b>           | 138,408,778                    |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>232,037,642</b>           | 213,474,303                    |

**Gennex Laboratories Limited**

|                                                                                                                                        | As at<br>March 31, 2020<br>₹ | As at<br>March 31, 2019<br>₹ |
|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>13 OTHER FINANCIAL LIABILITIES</b>                                                                                                  |                              |                              |
| Unsecured Sales Tax Deferment (Govt.)                                                                                                  | 154,902                      | 549,333                      |
| Total                                                                                                                                  | 154,902                      | 549,333                      |
| <br>13.1 Sales Tax deferment availed till the current account period is due for repayment after 12 months from Balance Sheet as under: |                              |                              |
| Year of Repayment                                                                                                                      |                              |                              |
| 2020-21                                                                                                                                |                              | 394,431                      |
| 2021-22                                                                                                                                | 154,902                      | 154,902                      |
| Total                                                                                                                                  | 154,902                      | 549,333                      |
| <br><b>14 DEFERRED TAX (LIABILITY)/ASSETS</b>                                                                                          |                              |                              |
| a. Diff. between Book & Tax Depreciation (Liability)                                                                                   | 7,498,489                    | 8,316,659                    |
| b. Others                                                                                                                              | (3,509,111)                  | (2,715,573)                  |
| Total                                                                                                                                  | 3,989,378                    | 5,601,086                    |
| <br>Net Deferred Tax Liability/(Assets)                                                                                                | 3,989,378                    | 5,601,086                    |



|                                                                                                                                                                                                                                                          | As at<br>March 31, 2020<br>₹ | As at<br>March 31, 2019<br>₹ |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>15 CURRENT BORROWINGS</b>                                                                                                                                                                                                                             |                              |                              |
| a. <b>Secured</b>                                                                                                                                                                                                                                        |                              |                              |
| From Banks - Secured                                                                                                                                                                                                                                     |                              |                              |
| State Bank of India - C/C A/C                                                                                                                                                                                                                            | —                            | 876,589                      |
| State Bank of India - IUBD A/C                                                                                                                                                                                                                           | —                            | 1,080,000                    |
| Axis Bank Ltd. - IUBD A/C                                                                                                                                                                                                                                | 1,030,140                    | —                            |
| Axis Bank Ltd.                                                                                                                                                                                                                                           | 48,812,759                   | 40,717,063                   |
| (The due to Axis Bank Ltd - Secured by means of Hypothecation of Stocks of Raw Material, Semi Finished & Finished Goods, Stores & Spare parts and Book-debts and First Charge on the Fixed Assets of the Company and personal guarantee of One Director) |                              |                              |
| Axis Bank Ltd. - Term Loan (Secured against Exclusive First Charge on Fixed Assets of the Company)                                                                                                                                                       | 296                          | 2,398,239                    |
| <b>Loan - Secured</b><br>(Secured against the hypothecated assets procured out of Loan)                                                                                                                                                                  |                              |                              |
| ICICI Bank Ltd.                                                                                                                                                                                                                                          | —                            | 315,162                      |
| Total                                                                                                                                                                                                                                                    | 49,843,195                   | 45,387,053                   |
| <b>16 TRADE PAYABLES</b>                                                                                                                                                                                                                                 |                              |                              |
| Trade Payable                                                                                                                                                                                                                                            | 81,320,389                   | 81,543,720                   |
| Total                                                                                                                                                                                                                                                    | 81,320,389                   | 81,543,720                   |
| 16.1 Out of above, dues to Micro, Small and Medium enterprises have been determined to be ₹ 1,20,04,968 to the extent such parties have been identified on the basis of information available with the company.                                          |                              |                              |
| 16.2 Trade payables are non-interest bearing and normally settled within 90 days term.                                                                                                                                                                   |                              |                              |
| <b>17 OTHER CURRENT LIABILITIES</b>                                                                                                                                                                                                                      |                              |                              |
| Creditors for Capital Goods                                                                                                                                                                                                                              | 1,846,630                    | 2,445,381                    |
| Advances from Customers                                                                                                                                                                                                                                  | 18,377,858                   | 4,237,870                    |
| Other Liabilities                                                                                                                                                                                                                                        | 32,632,874                   | 24,547,037                   |
| Sales Tax Deferrment (Govt.)                                                                                                                                                                                                                             | 394,431                      | 277,545                      |
| Total                                                                                                                                                                                                                                                    | 53,251,793                   | 31,507,833                   |
| 17.1 Other liabilities consist of PF, ESI, Service Tax, TDS, GST and TCS payable etc.                                                                                                                                                                    |                              |                              |
| <b>18 PROVISIONS</b>                                                                                                                                                                                                                                     |                              |                              |
| Provision for Leave Encashment                                                                                                                                                                                                                           | 2,813,825                    | 1,711,493                    |
| Total                                                                                                                                                                                                                                                    | 2,813,825                    | 1,711,493                    |
| <b>19 CURRENT TAX LIABILITIES</b>                                                                                                                                                                                                                        |                              |                              |
| Current Tax Liabilities (Net)                                                                                                                                                                                                                            | 21,348,157                   | 12,852,953                   |
| Total                                                                                                                                                                                                                                                    | 21,348,157                   | 12,852,953                   |

**Gennex Laboratories Limited**

|                                                                                          | Year ended<br>March 31, 2020<br>₹ | Year ended<br>March 31, 2019<br>₹ |
|------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>20 REVENUE FROM OPERATION</b>                                                         |                                   |                                   |
| Sale of Products                                                                         | 599,283,525                       | 599,298,057                       |
| Other Operating Revenues                                                                 | 294,354                           | 301,544                           |
|                                                                                          | 599,577,879                       | 599,599,601                       |
| Less: GST                                                                                | 43,404,822                        | 41,572,789                        |
| Net Revenue from Operation                                                               | 556,173,057                       | 558,026,812                       |
| <b>21 OTHER INCOME</b>                                                                   |                                   |                                   |
| Interest Income (TDS ₹39,208; Previous Year ₹47,223)                                     | 793,043                           | 471,949                           |
| Insurance Claim Received                                                                 | 33,544                            | —                                 |
| MEIS Benefit                                                                             | 6,141,323                         | 5,346,127                         |
| Exchange Rate Fluctuation                                                                | 2,035,036                         | 149,619                           |
| Duty Draw Back                                                                           | 511,024                           | 1,857,364                         |
| Total                                                                                    | 9,513,970                         | 7,825,059                         |
| <b>22 COST OF RAW MATERIAL CONSUMED</b>                                                  |                                   |                                   |
| Opening Stocks                                                                           | 15,271,112                        | 10,094,095                        |
| Add: Purchases                                                                           | 356,905,814                       | 351,982,476                       |
| Total                                                                                    | 372,176,926                       | 362,076,571                       |
| Less: Closing Stocks                                                                     | 20,865,655                        | 15,271,112                        |
| Cost of Raw Material Consumed                                                            | 351,311,271                       | 346,805,459                       |
| <b>23 CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE &amp; WORK IN PROGRESS</b> |                                   |                                   |
| Opening Stocks                                                                           |                                   |                                   |
| Work in Progress                                                                         | 17,459,872                        | 8,888,319                         |
| Finished Goods                                                                           | 17,964,943                        | 2,654,347                         |
| Total                                                                                    | 35,424,815                        | 11,542,666                        |
| Closing Stocks                                                                           |                                   |                                   |
| Work in Progress                                                                         | 19,025,930                        | 17,459,872                        |
| Finished Goods                                                                           | 31,509,540                        | 17,964,943                        |
| Total                                                                                    | 50,535,470                        | 35,424,815                        |
| Changes in Stock                                                                         | (15,110,655)                      | (23,882,149)                      |
| <b>24 EMPLOYEE BENEFITS EXPENSE</b>                                                      |                                   |                                   |
| Salaries and Wages                                                                       | 59,708,620                        | 54,288,692                        |
| Contributions to Provident and other funds                                               | 3,463,287                         | 3,118,500                         |
| Gratuity                                                                                 | 1,724,382                         | 395,003                           |
| Staff Welfare expenses                                                                   | 3,222,645                         | 3,417,305                         |
| Total                                                                                    | 68,118,934                        | 61,219,500                        |



|                                           | Year ended<br>March 31, 2020<br>₹ | Year ended<br>March 31, 2019<br>₹ |
|-------------------------------------------|-----------------------------------|-----------------------------------|
| <b>25 FINANCE COST</b>                    |                                   |                                   |
| Interest and Finance Charges              | 7,535,759                         | 7,937,827                         |
| <b>Total</b>                              | <b>7,535,759</b>                  | <b>7,937,827</b>                  |
| <b>26 OTHER EXPENSES</b>                  |                                   |                                   |
| Pollution Expenses                        | 12,703,293                        | 10,853,322                        |
| Consultancy & Legal Expenses              | 2,421,080                         | 4,598,745                         |
| Rent & Facilities                         | 3,263,073                         | 2,260,487                         |
| Electricity Charges                       | 761,561                           | 775,192                           |
| Security Charges                          | 1,110,325                         | 819,072                           |
| Printing & Stationery                     | 896,842                           | 1,056,070                         |
| Communication Expenses                    | 1,060,025                         | 1,164,138                         |
| Insurance                                 | 932,942                           | 1,437,396                         |
| Travelling & Conveyance Exp.              | 5,628,851                         | 7,481,210                         |
| Selling Expenses                          | 4,942,286                         | 6,853,413                         |
| Carriage Outwards                         | 11,253,420                        | 15,297,974                        |
| Auditors' Remuneration:                   |                                   |                                   |
| i. Audit Fees                             | 200,000                           | 137,400                           |
| ii. Tax Audit Fees                        | 35,650                            | 34,350                            |
| iii. Certification & Other                | 173,000                           | 143,000                           |
| iv. Audit Fees - Branch                   | —                                 | 11,000                            |
|                                           | <b>408,650</b>                    | <b>325,750</b>                    |
| Vehicle Maintenance                       | 821,263                           | 532,146                           |
| Sales Tax                                 | 687,285                           | 480,029                           |
| Miscellaneous Expenses                    | 5,426,854                         | 6,086,017                         |
| Sundry Balances Written Off (Net)         | 162,192                           | 839,881                           |
| Stores, Spares & Others                   | 6,624,293                         | 8,879,957                         |
| Packing Material                          | 10,734,453                        | 12,194,464                        |
| Power & Fuels                             | 32,213,376                        | 27,705,839                        |
| Repairs & Maintenance - Buildings         | 302,151                           | 1,702,335                         |
| Repairs & Maintenance - Plant & Machinery | 1,907,571                         | 2,433,827                         |
| Repairs & Maintenance - Others            | 412,269                           | 716,349                           |
| Job Work Charges                          | 14,708,090                        | 15,106,088                        |
| <b>Total</b>                              | <b>119,382,145</b>                | <b>129,599,701</b>                |

**Gennex Laboratories Limited**

|                                    | Year ended<br>March 31, 2020<br>₹ | Year ended<br>March 31, 2019<br>₹ |
|------------------------------------|-----------------------------------|-----------------------------------|
| <b>27 EXCEPTIONAL ITEMS</b>        |                                   |                                   |
| GST Input                          | 1,086,181                         | —                                 |
| <b>28 EARNING PER SHARE</b>        |                                   |                                   |
| Net Profit the basic EPS           | 18,563,339                        | 22,207,528                        |
| Weighted Average No. of Shares     | 126,503,000                       | 126,503,000                       |
| Annualized Basic Earning per share | 0.147                             | 0.176                             |

**29 CONTINGENT LIABILITY**

|                                                                             |         |         |
|-----------------------------------------------------------------------------|---------|---------|
| i. Income-tax where appeals/petitions are pending with Various Authorities  | *49.39  | *45.58  |
| ii. Sales Tax where Appeal is pending                                       | *111.04 | *111.04 |
| *Company is hopeful of getting complete relief, hence no provision is made. |         |         |

| Sl. No. | Nature of Statute | Nature of Dues | Amount (Rs. in Lacs) | Period to which the amount relates to | Forum where the dispute is pending |
|---------|-------------------|----------------|----------------------|---------------------------------------|------------------------------------|
| 1       | CST               | Sales Tax      | 96.47                | 2001-02                               | CTO                                |
| 2       | CST               | Sales Tax      | 14.57                | 2007-08                               | Appellate DC(CT)                   |
|         | <b>Total</b>      |                | <b>111.04</b>        |                                       |                                    |
|         |                   |                |                      | <b>Assmt year</b>                     |                                    |
| 3       | Income Tax        | Income Tax     | 8.22                 | 2001-02                               | Appellate Authority                |
|         |                   | Income Tax     | 37.36                | 2002-03                               | Appellate Authority                |
|         |                   | Income Tax     | 3.81                 | 2015-16                               | Appellate Authority                |
|         | <b>Total</b>      |                | <b>49.39</b>         |                                       |                                    |

Based on the experiences, the management is of the opinion that the above cases would be in favour of the company. However in case of loss then there could be significant impact on the financial statements of the Company.

30 Additional information pursuant to paragraphs 5 (viii) of part II of Schedule VI to the Companies Act, 1956 are as follows:

|                                                                                        | Year ended<br>March 31, 2020<br>₹ | Year ended<br>March 31, 2019<br>₹ |
|----------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| A. C.I.F. value of imports by the Company (Excluding imported items purchased locally) |                                   |                                   |
| Raw Materials                                                                          | 74,466,029                        | 73,264,071                        |
| Fixed Assets                                                                           | —                                 | —                                 |
| B. Expenditure in foreign currency during the year:                                    |                                   |                                   |
| a. Foreign Travel Expenses                                                             | 1,032,608                         | 1,979,002                         |
| b. Sales Commission                                                                    | 3,012,037                         | 3,731,101                         |
| c. Bank Charges                                                                        | 330,612                           | 1,110,070                         |
| d. Business Promotion Charges                                                          | 48,547                            | 1,225,444                         |



## C. Details of consumption of imported and indigenous items

| Particulars                                    | Year ended<br>March 31, 2020<br>₹ | Year ended<br>March 31, 2020<br>% | Year ended<br>March 31, 2019<br>₹ | Year ended<br>March 31, 2019<br>% |
|------------------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Raw Material (Imported)                        | 71,143,526                        | 20%                               | 68,132,682                        | 20%                               |
| Raw material (Indegenous)                      | 280,167,745                       | 80%                               | 278,672,777                       | 80%                               |
| Stores, Spares Parts & Components (Indegenous) | 6,624,293                         | 100%                              | 8,879,957                         | 100%                              |
| Total                                          | 357,935,564                       |                                   | 355,685,416                       |                                   |

## D. Segment Details

The Company is engaged in manufacture of Bulk Drugs & Intermediates which in the context of Accounting Standard-17 issued by the Institute of Chartered Accountants of India is considered as a single segment.

The geographic segments individually contributing 10 percent or more of the Company's revenues and segment assets are shown separately:

| Geographic Segment | Revenues for the<br>Year ended<br>March 31, 2020 | Segment Assets<br>As at<br>March 31, 2020 |
|--------------------|--------------------------------------------------|-------------------------------------------|
| Germany            | 137.81<br>(79.04)                                | -<br>-                                    |
| Egypt              | 595.01<br>(465.07)                               | -<br>(39.95)                              |
| Iran               | 524.24<br>(195.80)                               | 22.20<br>(52.70)                          |
| Peru               | 205.16<br>(223.88)                               | 21.33<br>(23.38)                          |
| Spain              | 176.44<br>(207.69)                               | 4.53<br>(4.65)                            |
| Guatemala City     | 105.68<br>(267.31)                               | -<br>(43.59)                              |
| South Korea        | -<br>(329.23)                                    | -<br>(104.79)                             |
| Vietnam            | 228.48<br>(386.44)                               | -<br>-                                    |
| Export Others      | 328.00<br>(312.14)                               | 4.06<br>(18.59)                           |
| India              | 3260.91<br>(3,113.67)                            | 575.84<br>(752.13)                        |

Note: Figures in brackets relates to the previous year.

**Gennex Laboratories Limited**

| Particulars                                                       | Year ended<br>March 31, 2020<br>₹ | Year ended<br>March 31, 2019<br>₹ |
|-------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| E. Earning in Foreign Currency on F.O.B. basis<br>Export of Goods | 219,851,146                       | 234,778,001                       |

**31. RELATED PARTIES DISCLOSURES**

Name of related parties and related party relationship

Related parties with whom transactions have taken place during the year

Enterprise having significant influence on the Company

Key Management Personnel/Directors

Mr. Arihant Baid (Managing Director)  
 Mr. T M Gopalakrishnan (Whole Time Director)  
 Mr. Y Ravinder Reddy (Independent Director)  
 Ms. Sadhana Bhansali (Independent./Woman Director)  
 Mr. Vinod Choraria (Independent Director - Appointed on 06.07.2019)  
 Mr. L P Baid (Chief Financial Officer)  
 Mr. Rajesh Vankodara (Company Secretary - Appointed on 15.02.2020)

Relative of Key Management Personnel / Directors

Mr. Vinod Baid

Enterprises owned or significantly influenced by Key  
 Management Personnel/Directors or their relatives

(Deccan Remedies Limited)  
 Relative of Key Management Personnel / Directors  
 Mr. T M Gopalakrishnan (Director)

**31.1 Remuneration of Key Personnel/Directors**

| Name & Relationship                              | Nature of Transaction | Year ended               | Amount (₹)             |
|--------------------------------------------------|-----------------------|--------------------------|------------------------|
| 1 Mr. Arihant Baid<br>Managing Director          | Remuneration          | 31.03.2020<br>31.03.2019 | 3,028,800<br>2,857,500 |
| 2 Mr. T.M. Gopalakrishnan<br>Whole-Time Director | Remuneration          | 31.03.2020<br>31.03.2019 | 3,643,433<br>3,127,859 |
| 3 Mr. Laxmipat Baid<br>Chief Financial Officer   | Remuneration          | 31.03.2020<br>31.03.2019 | 1,493,100<br>1,352,400 |
| 4 Mr. Vankadara Rajesh<br>Company Secretary      | Remuneration          | 31.03.2020<br>31.03.2019 | 110,717<br>—           |

**32. EMPLOYEES BENEFITS:**

32.1 Company has obtain Group Gratuity Scheme with LIC and contributing the same. The assumption taken are discount rate @ 7.5% and salary escalation @ 6% etc.

## 32.2 Defined Contribution Plan:

Contribution to defined contribution plan, recognized as expenses for the year are as under:

Employer's Contribution to Provident/Pension Fund - ₹18,74,805/-

The Company contributes applicable rates of salary of all eligible employees towards Provident Fund managed by the Central Government.

## Leave Encashment:

The Company has provided a sum of ₹28,13,825/- towards Leave encashment based on actuarial valuation.

33. Balance in Advance, Deposits, Unsecured Loans, Other Liabilities, Trade Receivables, Trade Payables and Advance against Suppliers are subject to confirmation by respective parties.

34. Fixed Assets includes land for which Registration formalities are yet to be completed.

35. The Company's Lease Agreement in respect of Building at Srinagar Colony. The Lease Rentals payable are charged as "Lease Rental Charges" under "Other Expenses" in Note No. 27. This leasing arrangement is for longer period and renewable by mutual consent on mutually agreeable terms. Future lease rental payable are as under:

(₹ in Lakhs)

| Particulars                                    | As at<br>March 31, 2020* | As at<br>March 31, 2019 |
|------------------------------------------------|--------------------------|-------------------------|
| Payables:                                      |                          |                         |
| Not later than one year                        | 3.27                     | 21.67                   |
| Later than one year but not later than 3 years | 0.00                     | 3.68                    |
| Later than 3 years                             | 0.00                     | 0.00                    |

\* The above figures are given without discounting at present value

36. Investment includes ₹70,000,000 in Shares of Deccan Remedies Limited for the Company's expansion plans.

37. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

38. In accordance with the Accounting Standards (AS-28) on "Impairment of Assets" the management during the year carried out exercise of identifying the assets that may have been impaired in respect of each cash generating unit. On the basis of this review carried out by the management there was no impairment loss on the fixed assets during the year ended March 31, 2020.

39. Investment Subsidy received from Andhra Pradesh Government is shown under Other Equity.

|                                                                                                                                                                                                                                                          |                                                 |                                                                                                                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| Board of Directors<br>For <b>PPKG &amp; Co.</b> ,<br>Chartered Accountants<br>Firm Regn. No. 009655S<br><b>Giridhari Lal Toshniwal</b><br>Partner<br>Membership No. 205140<br>UDIN: UDIN: 20205140AAAAEK5237<br>Place: Hyderabad<br>Date : July 30, 2020 | Per our report attached                         | For and on behalf of the                                                                                                        |
|                                                                                                                                                                                                                                                          | <b>Laxmipat Baid</b><br>Chief Financial Officer | <b>Arihant Baid</b><br>Managing Director<br>DIN: 01171845<br><b>T.M. Gopalakrishnan</b><br>Whole Time Director<br>DIN: 03137458 |

**41. Income tax**

|                                                                                                                                                                                                                                                     |                | ₹ in Lakhs     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                                                                                                                                                                                     | March 31, 2020 | March 31, 2019 |
| Tax expense/(credit) comprises of:                                                                                                                                                                                                                  |                |                |
| Current income tax                                                                                                                                                                                                                                  | 75.00          | 85.00          |
| Deferred tax                                                                                                                                                                                                                                        | -16.12         | -4.51          |
| Income tax expense reported in the statement of profit or loss                                                                                                                                                                                      | 58.88          | 80.49          |
| The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 27.82% (March 31, 2019: 27.82%) and the reported tax expense in profit or loss are as follows: |                |                |
| Reconciliation of tax expense and the accounting profit multiplied by India's tax rate                                                                                                                                                              |                |                |
| Profit before tax                                                                                                                                                                                                                                   | 254.86         | 302.72         |
| Tax at the Indian tax rate (27.82%) (March 31, 2019: 27.82%)                                                                                                                                                                                        | 70.90          | 84.22          |
| Adjustments:                                                                                                                                                                                                                                        |                |                |
| CSR expenses and other donations                                                                                                                                                                                                                    | —              | —              |
| Weighted deduction on research and development expense                                                                                                                                                                                              | —              | —              |
| Tax incentives                                                                                                                                                                                                                                      | —              | —              |
| Capital gain tax                                                                                                                                                                                                                                    | —              | —              |
| MAT credit utilisation                                                                                                                                                                                                                              | —              | —              |
| Deferred tax assets not recognized / (utilized)                                                                                                                                                                                                     | 16.12          | 4.51           |
| Effect of change in tax laws and rate in jurisdictions outside India                                                                                                                                                                                | —              | —              |
| Other Adjustments                                                                                                                                                                                                                                   | -4.10          | -0.78          |
| Income tax expense                                                                                                                                                                                                                                  | 58.88          | 80.49          |

**42. Capital management**

The Company's policy is to maintain strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of business.

The Company manages its Capital structure through a balanced mix of debt and equity.

The Company's capital structure is influenced by the changes in the regulatory frameworks, government policies, available options of financing and impact of the same on liquidity position.

The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The table below shows the Gearing ratio for FY 2019-20 and FY 2018-19.

|                               |                | ₹ in Lakhs     |
|-------------------------------|----------------|----------------|
| Particulars                   | March 31, 2020 | March 31, 2019 |
| Borrowings                    | 498.43         | 453.87         |
| Trade Payables                | 813.20         | 815.44         |
| Less: Cash & Cash Equivalents | 91.26          | 314.65         |
| Net Debt                      | 1220.37        | 954.66         |
| Equity Capital                | 3385.41        | 3399.77        |
| Equity Capital and Net Debt   | 4805.78        | 4354.43        |
| Gearing Ratio                 | 25%            | 22%            |

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

**43. Fair Values**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

| Particulars                                        | ₹ in Lakhs        |                   |                   |                   |
|----------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                    | Carrying Values   |                   | Fair Values       |                   |
|                                                    | March 31,<br>2020 | March 31,<br>2019 | March 31,<br>2020 | March 31,<br>2019 |
| <b>Financial Assets</b>                            |                   |                   |                   |                   |
| Investments                                        | <b>682.75</b>     | 682.75            | <b>682.75</b>     | 682.75            |
| Other financial assets                             | <b>22.04</b>      | 22.04             | <b>22.04</b>      | 22.04             |
| Tax Assets (Net)                                   | -                 | -                 | -                 | -                 |
| Trade Receivables                                  | <b>627.96</b>     | 1,039.77          | <b>627.96</b>     | 1,039.77          |
| Cash and Cash Equivalents                          | <b>19.37</b>      | 19.51             | <b>19.37</b>      | 19.51             |
| Bank balances other than cash and cash equivalents | <b>71.89</b>      | 295.14            | <b>71.89</b>      | 295.14            |
| Other financial assets                             | <b>1,827.42</b>   | 767.53            | <b>1,827.42</b>   | 767.53            |
| <b>Total</b>                                       | <b>3,251.43</b>   | 2,826.74          | <b>3,251.43</b>   | 2,826.74          |
| <b>Financial Liabilities</b>                       |                   |                   |                   |                   |
| Non-current Borrowings                             | -                 | -                 | -                 | -                 |
| Other non-current financial Liabilities            | <b>1.55</b>       | 5.49              | <b>1.55</b>       | 5.49              |
| Current Borrowings                                 | <b>498.43</b>     | 453.87            | <b>498.43</b>     | 453.87            |
| Trade Payables                                     | <b>813.20</b>     | 815.44            | <b>813.20</b>     | 815.44            |
| Other current financial Liabilities                | <b>532.52</b>     | 315.08            | <b>532.52</b>     | 315.08            |
| <b>Total</b>                                       | <b>1,845.70</b>   | 1,589.88          | <b>1,845.70</b>   | 1,589.88          |

The management assessed that fair value of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

**44. Fair values hierarchy**

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for the financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using the valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

**Gennex Laboratories Limited**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities: Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2020:

₹ in Lakhs

| Particulars                                        | Date of valuation | Total           | Quoted prices in active markets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|----------------------------------------------------|-------------------|-----------------|-------------------------------------------|-----------------------------------------|-------------------------------------------|
| <b>Fair value of financial assets disclosed:</b>   |                   |                 |                                           |                                         |                                           |
| Investments                                        | 31-Mar-20         | 682.75          | -                                         | 682.75                                  | -                                         |
| Other financial assets                             | 31-Mar-20         | 22.04           | -                                         | 22.04                                   | -                                         |
| Tax Assets (Net)                                   | 31-Mar-20         | -               | -                                         | -                                       | -                                         |
| Trade Receivables                                  | 31-Mar-20         | 627.96          | -                                         | 627.96                                  | -                                         |
| Cash and Cash Equivalents                          | 31-Mar-20         | 19.37           | -                                         | 19.37                                   | -                                         |
| Bank balances other than cash and cash equivalents | 31-Mar-20         | 71.89           | -                                         | 71.89                                   | -                                         |
| Other financial assets                             | 31-Mar-20         | 1,827.42        | -                                         | 1,827.42                                | -                                         |
| <b>Total</b>                                       |                   | <b>3,251.43</b> | <b>-</b>                                  | <b>3,251.43</b>                         | <b>-</b>                                  |

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2020:

**Fair value of financial liabilities disclosed**

|                                         |           |                 |          |                 |          |
|-----------------------------------------|-----------|-----------------|----------|-----------------|----------|
| Non-current Borrowings                  | 31-Mar-20 | -               | -        | -               | -        |
| Other non-current financial Liabilities | 31-Mar-20 | 1.55            | -        | 1.55            | -        |
| Current Borrowings                      | 31-Mar-20 | 498.43          | -        | 498.43          | -        |
| Trade Payables                          | 31-Mar-20 | 813.20          | -        | 813.20          | -        |
| Other current financial Liabilities     | 31-Mar-20 | 532.52          | -        | 532.52          | -        |
| <b>Total</b>                            |           | <b>1,845.70</b> | <b>-</b> | <b>1,845.70</b> | <b>-</b> |

There have been no transfers between Level 1 and Level 2 during the period.



The following table provides the fair value measurement hierarchy of the Company's assets and liabilities: Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019:

₹ in Lakhs

| Particulars                                        | Date of valuation | Total           | Quoted prices in active markets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|----------------------------------------------------|-------------------|-----------------|-------------------------------------------|-----------------------------------------|-------------------------------------------|
| <b>Fair value of financial assets disclosed</b>    |                   |                 |                                           |                                         |                                           |
| Investments                                        | 31-Mar-19         | 682.75          | -                                         | 682.75                                  | -                                         |
| Other financial assets                             | 31-Mar-19         | 22.04           | -                                         | 22.04                                   | -                                         |
| Tax Assets (Net)                                   | 31-Mar-19         | -               | -                                         | -                                       | -                                         |
| Trade Receivables                                  | 31-Mar-19         | 1,039.77        | -                                         | 1,039.77                                | -                                         |
| Cash and Cash Equivalents                          | 31-Mar-19         | 19.51           | -                                         | 19.51                                   | -                                         |
| Bank balances other than cash and cash equivalents | 31-Mar-19         | 295.14          | -                                         | 295.14                                  | -                                         |
| Other financial assets                             | 31-Mar-19         | 767.53          | -                                         | 767.53                                  | -                                         |
| <b>Total</b>                                       |                   | <b>2,826.75</b> | <b>-</b>                                  | <b>2,826.75</b>                         | <b>-</b>                                  |

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2019:

**Fair value of financial liabilities disclosed**

|                                         |           |                 |          |                 |          |
|-----------------------------------------|-----------|-----------------|----------|-----------------|----------|
| Non-current Borrowings                  | 31-Mar-19 | -               | -        | -               | -        |
| Other non-current financial Liabilities | 31-Mar-19 | 5.49            | -        | 5.49            | -        |
| Current Borrowings                      | 31-Mar-19 | 453.80          | -        | 453.80          | -        |
| Trade Payables                          | 31-Mar-19 | 815.44          | -        | 815.44          | -        |
| Other current financial Liabilities     | 31-Mar-19 | 315.08          | -        | 315.08          | -        |
| <b>Total</b>                            |           | <b>1,589.88</b> | <b>-</b> | <b>1,589.88</b> | <b>-</b> |

There have been no transfers between Level 1 and Level 2 during the period.

**44. Financial risk management objectives and policies**

The Company is exposed to financial risk such as Market Risk (Interest Rate Risk, fluctuation in foreign exchange rates and price risk), credit risk and liquidity risk. The general risk management program of the Company focuses on the unpredictability of the financial markets and attempts to minimize their potential negative influence on the financial performance of the Company. The Company continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors have the overall responsibility for the establishment and oversight of the Company's risk management framework.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk i.e. interest rate risk, foreign currency risk and other price risk. Financial instruments of the Company affected by market risk include borrowings and deposits. The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019. The analysis exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The following assumptions have been made in calculating the sensitivity analysis: The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020 and March 31, 2019.

**Interest Rate Risk**

The interest rate risk arise from long term borrowing of the company with variable interest rates (Bank one year MCLR plus spread). Although the spread is fixed, it is subject to change at fixed time interval or occurrence of specified event(s). Management monitors the movement in interest rate and, wherever possible, reacts to material movements in such rates by restructuring its financing arrangement.

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

|                       | Increase/<br>(decrease) in<br>Interest Rate | Increase/<br>(decrease) in<br>Profit before tax |
|-----------------------|---------------------------------------------|-------------------------------------------------|
| <b>March 31, 2020</b> |                                             |                                                 |
| INR                   | 0.5% p.a.                                   | -1.94                                           |
| INR                   | (0.5%) p.a.                                 | 1.94                                            |
| <b>March 31, 2019</b> |                                             |                                                 |
| INR                   | 0.5% p.a.                                   | -1.49                                           |
| INR                   | (0.5)% p.a.                                 | 1.49                                            |

**Price risk**

Price risk is the risk of fluctuations in the change in prices of equity Investments. The Company's investment in JV company is of strategic in nature rather than for trading purpose.

**Credit risk**

Credit risk is the risk arising from credit exposure to customers and the counterparty will default on its contractual obligations.

The Company has adopted a policy of only dealing with credit worthy customers/ corporates to minimise collection losses. Credit Control team assesses the credit quality of the customers, their financial position, past experience in payments and other relevant factors. Advance payments are obtained from customers in banquets, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of trade and other receivables, advances to suppliers, cash and short-term deposits and interest receivable on deposits represents company's maximum exposure to the credit risk. No other financial asset carry a significant exposure with respect to the credit risk. Deposits and cash balances are placed with Schedule Commercial banks.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company also holds advances as security from customers to mitigate credit risk.

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments held by the Company are in the nature of investment in jointly controlled entity and also an investment in an alternate energy supply company as required under the respective State energy policy. Both the categories are unquoted non-trade equity.

**Liquidity risk**

Liquidity risk is the risk that the Company will have difficulty in raising the financial resources required to fulfil its commitments.

Liquidity risk is held at low levels through effective cash flow management. Cash flow forecasting is performed internally by rolling forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operational requirements, to fund scheduled capex and debt repayments and to comply with the terms of financing documents.

The Company primarily uses short-term bank facilities in the nature of bank overdraft facility to fund its ongoing working capital requirements.



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**INDEPENDENT AUDITOR'S REPORT**

To the Members of  
Gennex Laboratories Limited

**Report on the Audit of the Consolidated Financial Statements**

**Qualified Opinion**

1. We have audited the accompanying Consolidated financial statements of Gennex Laboratories Limited ('the Company'), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us except for the information referred to in Basis for Qualified opinion of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (Financial position) of the Company as at March 31, 2020, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Basis for Qualified Opinion**

3. The Balances of Current Assets, Other Non-Current Assets, Non-Current Liabilities and Current Liabilities and Other Current Liability are subject to Confirmation/ reconciliations. The impact of the same is unascertained.
4. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards 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 there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matter**

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated 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.
6. We have determined the matter described below to be the key audit matters to be communicated in our report.



| Key Audit Matter                                                                                                                             | How our Audit addressed the key audit matter                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Carrying value of Investment in Associate entity.</b><br>The Company has an investment of ₹700 lakhs in its associate Deccan Remedies Ltd | As informed to us, the Company is still in the construction stage and yet to commence the operation. Hence valued at Cost.                                                                                                                                                                           |
| <b>Pending Land registration</b>                                                                                                             | Discussion with the management on the development in these litigations during year ended March 31, 2020<br><br>Review of the disclosures made by the company in the financial statements in this regard.<br><br>Obtain representation letter from the management on the assessment of these matters. |

#### Information other than the Financial Statements and Auditor's Report thereon

7. 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 will 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 otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management for the Consolidated Financial Statements

8. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS 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.
9. In preparing the financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
10. The Board of Directors are also responsible for overseeing the Company's financial reporting process.



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**Auditors Responsibilities for the Audit of the Financial Statements**

11. 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 Consolidated Financials that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing 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.
12. As part of an audit in accordance with Standards on Auditing, 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 over ride of internal control.
  - Obtain an understanding of internal 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 explaining 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.
13. 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.
14. 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.
15. 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 auditor's 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**

16. We did not audit the financial statements and other financial information of the Associate Company whose financial statements reflect total assets (before consolidation adjustments) of Rs. 26.90 Corers as at 31 March 2020, total revenues (before consolidation adjustments) of Nil and net cash outflows (before consolidation adjustments) amounting to Rs. 22,913/- for the year ended on that date, as considered in the consolidated financial statements. These financial statements and financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these Associates and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid Associates is based solely on the audit reports of the other auditors.
17. Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.
18. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the **Annexure A** statement on the matters specified in paragraphs 3 and 4 of the Order.
19. Further to our comments in **Annexure A**, as required by section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - 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 consolidated financial statements dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;
  - e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of section 164 (2) of the Act;
  - f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report as per **Annexure B** expressed unmodified opinion; and
  - g. with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company has disclosed the impact of pending litigations on its financial position as at March 31, 2020;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2020;



- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020. Hence, reporting under this clause is not applicable; and
  - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016, which are not relevant to these Consolidated financial statements. Hence, reporting under this clause is not applicable.
  - h. We did not audit the financial statements of Associate Company and Company's Branches which are included in the consolidated financial report. These financial statements have been audited by other auditors whose report have been furnished to us by the management and our opinion on the consolidated financial reports, in so far as it relates to the amounts and disclosures included in respect of this associate and Branch is based solely on the reports of the other auditors.
20. As required by section 197(16) of the Act, 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.

For **PPKG & Co.,**  
Chartered Accountants  
Firm Regn. No. 009655S

**Giridhari Lal Toshniwal**  
Partner  
Membership No. 205140  
UDIN: 20205140AAAAEL2449

Place: Hyderabad  
Date: July 30, 2020

**Annexure A to the Independent Auditor's Report of even date to the members of Gennex Laboratories Limited, on the consolidated financial statements for the year ended March 31, 2020**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the consolidated financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- c. The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company except for the Land case amounting to Rs.7,78,75,000 is pending registration.
- ii. In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, No material discrepancies were noticed on the aforesaid verification.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, the Company has complied with the provisions of Section 186 in respect of investments and loans. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of guarantees and security.
- v. In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of The Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under the provisions of Section 148 of the Act. As informed to us the provisions of Sec. 148(1) are now applicable and the Cost Audit for the year 2019-20 is in progress.
- vii.a. Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- b. The dues outstanding in respect of Income tax, sales-tax, service-tax, duty of customs on account of disputes, are as follows:

**Gennex Laboratories Limited**

| Sl. No. | Nature of Statute | Nature of Dues | Amount (₹ in Lacs) (Disputed) | Period to which the amount relates to | From where the dispute is pending |
|---------|-------------------|----------------|-------------------------------|---------------------------------------|-----------------------------------|
| 1       | CST               | Sales Tax      | 96.47                         | 2001-02                               | CTO                               |
| 2       | CST               | Sales Tax      | 14.57                         | 2007-08                               | Appellate DC(CT)                  |
|         | <b>Total</b>      |                | <b>111.04</b>                 |                                       |                                   |
|         |                   |                |                               | <b>Assmt year</b>                     |                                   |
| 3       | Income Tax        | Income Tax     | 8.22                          | 2001-02                               | Appellate Authority               |
|         |                   | Income Tax     | 37.36                         | 2002-03                               | Appellate Authority               |
|         |                   | Income Tax     | 3.81                          | 2015-16                               | Appellate Authority               |
|         | <b>Total</b>      |                | <b>49.39</b>                  |                                       |                                   |

- vii. The Company has not defaulted in repayment of loans or borrowings to any bank during the year. The Company has no loans or borrowings payable to financial institutions or government and does not have any outstanding debentures during the year.
- ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied, on an overall basis, for the purposes for which they were obtained. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments).
- x. 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 material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. Managerial remuneration has been paid / provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- xii. In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3 (xii) of the Order are not applicable.
- xiii. In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the consolidated financial statements etc., as required by the applicable Ind AS.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, provisions of the clause 3 (xiv) of the order are not applicable.
- xv. In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act. Accordingly, the provisions of clause 3(xv) of the order are not applicable.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **PPKG & Co.,**  
Chartered Accountants  
Firm Regn. No. 009655S  
**Giridhari Lal Toshniwal**  
Partner

Place: Hyderabad  
Date: July 30, 2020

Membership No. 205140  
UDIN: 20205140AAAAEL2449



**Annexure B to the Independent Auditor's Report of even date to the members of Gennex Laboratories Limited, on the consolidated financial statements for the year ended March 31, 2020**

**Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

**Opinion**

1. In conjunction with our audit of the consolidated financial statements of Gennex Laboratories Limited ('the Company') as at and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.
2. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial Reporting and such controls were operating effectively as at 31 March 2020, 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 issued by the ICAI.

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

3. The Company's Board of Directors 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 ('the Guidance Note') 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 the Company's business, including adherence to the 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 Act.

**Auditor's Responsibility**

4. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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.
6. 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 IFCoFR.

**Meaning of Internal Financial Controls over Financial Reporting**

7. A company's IFCoFR 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 IFCoFR include those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of 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**

8. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **PPKG & Co.,**  
Chartered Accountants  
Firm Regn. No. 009655S

**Giridhari Lal Toshniwal**  
Partner  
Membership No. 205140  
UDIN: 20205140AAAEL2449

Place: Hyderabad  
Date: July 30, 2020

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020**

|                                                                    | Note<br>No. | As at<br>March 31, 2020<br>₹ | As at<br>March 31, 2019<br>₹ |
|--------------------------------------------------------------------|-------------|------------------------------|------------------------------|
| <b>ASSETS</b>                                                      |             |                              |                              |
| 1. <b>Non-Current Assets</b>                                       |             |                              |                              |
| Property, Plant and Equipment                                      | 3           | 149,276,825                  | 156,381,192                  |
| Capital work-in-progress                                           |             | —                            | —                            |
| <b>Financial Assets</b>                                            |             |                              |                              |
| Investments in Associate                                           | 4(a)        | 68,174,876                   | 68,174,876                   |
| Other Investment                                                   | 4(b)        | 100,000                      | 100,000                      |
| <b>Other non-current financial assets</b>                          |             |                              |                              |
| Other non-current assets                                           | 5           | 2,203,697                    | 2,203,697                    |
| <b>Total non-current assets</b>                                    |             | <b>219,755,398</b>           | <b>226,859,765</b>           |
| 2. <b>Current Assets</b>                                           |             |                              |                              |
| Inventories                                                        | 6           | 74,373,126                   | 53,271,050                   |
| <b>Financial Assets</b>                                            |             |                              |                              |
| Trade receivables                                                  | 7           | 62,795,865                   | 103,977,482                  |
| Cash and Cash Equivalents                                          | 8(a)        | 1,937,409                    | 1,950,830                    |
| Bank Balance other than Cash & Cash Equivalents                    | 8(b)        | 7,188,728                    | 29,514,129                   |
| Other Current Assets                                               | 9           | 182,741,542                  | 76,753,375                   |
| <b>Total Current Financial Assets</b>                              |             | <b>254,663,544</b>           | <b>212,195,816</b>           |
| Current tax assets (Net)                                           |             | —                            | —                            |
| Other Current Assets                                               | 10          | 20,645,089                   | 24,979,019                   |
| <b>Total Current Assets</b>                                        |             | <b>349,681,759</b>           | <b>290,445,885</b>           |
| <b>Total Assets</b>                                                |             | <b>569,437,157</b>           | <b>517,305,650</b>           |
| <b>EQUITY AND LIABILITIES</b>                                      |             |                              |                              |
| 1. <b>Equity</b>                                                   |             |                              |                              |
| Equity Share Capital                                               | 11          | 126,503,000                  | 126,503,000                  |
| Other Equity                                                       | 12          | 230,212,518                  | 211,649,179                  |
| <b>Total Equity</b>                                                |             | <b>356,715,518</b>           | <b>338,152,179</b>           |
| <b>Non-Current Liabilities</b>                                     |             |                              |                              |
| Financial Liabilities                                              |             |                              |                              |
| Other Financial Liabilities                                        | 13          | 154,902                      | 549,333                      |
| <b>Deferred Tax Liabilities (Net)</b>                              | 14          | <b>3,989,378</b>             | <b>5,601,086</b>             |
| <b>Total Non-Current Liabilities</b>                               |             | <b>4,144,280</b>             | <b>6,150,419</b>             |
| 2. <b>Current Liabilities</b>                                      |             |                              |                              |
| Financial Liabilities                                              |             |                              |                              |
| Borrowings                                                         | 15          | 49,843,195                   | 45,387,053                   |
| Trade Payables                                                     |             |                              |                              |
| Total outstanding dues of MSME's (refer Note)                      |             | —                            | —                            |
| Total outstanding dues of creditors other than MSME's (refer Note) | 16          | 81,320,389                   | 81,543,720                   |
| Other Financial Liabilities                                        | 17          | 53,251,793                   | 31,507,833                   |
| <b>Total Current Financial Liabilities</b>                         |             | <b>184,415,377</b>           | <b>158,438,606</b>           |
| Other Current Liabilities                                          |             |                              |                              |
| Provisions                                                         | 18          | 2,813,825                    | 1,711,493                    |
| Current Tax Liabilities (Net)                                      | 19          | 21,348,157                   | 12,852,953                   |
| <b>Total Current Liabilities</b>                                   |             | <b>24,161,982</b>            | <b>14,564,446</b>            |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                |             | <b>569,437,157</b>           | <b>517,305,650</b>           |

**Significant Accounting Policies and Notes on Financial Statements 1 to 44**

The accompanying notes form an integral part of financial statements

Per our report attached

For **PPKG & Co.,**

Chartered Accountants

Firm Regn. No. 009655S

**Giridhari Lal Toshniwal**

Partner

Membership No. 205140

UDIN: 20205140AAAAEL2449

Place: Hyderabad

Date : July 30, 2020

For and on behalf of the Board of Directors

**Arihant Baid**

Managing Director

DIN: 01171845

**Laxmipat Baid**  
Chief Financial Officer**T.M. Gopalakrishnan**  
Whole Time Director  
DIN: 03137458



**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020**

|                                                                                                  | Note No. | Year Ended<br>March 31, 2020<br>₹ | Year Ended<br>March 31, 2019<br>₹ |
|--------------------------------------------------------------------------------------------------|----------|-----------------------------------|-----------------------------------|
| <b>I Income</b>                                                                                  |          |                                   |                                   |
| Revenue from Operations                                                                          | 20       | 599,577,879                       | 599,599,601                       |
| Less: Excise/ GST                                                                                |          | 43,404,822                        | 41,572,789                        |
|                                                                                                  |          | 556,173,057                       | 558,026,812                       |
| <b>II Other Income</b>                                                                           | 21       | 9,513,970                         | 7,825,059                         |
| <b>III Total Income (I + II)</b>                                                                 |          | 565,687,027                       | 565,851,871                       |
| <b>IV Expenses:</b>                                                                              |          |                                   |                                   |
| Cost of Material Consumed                                                                        | 22       | 351,311,271                       | 346,805,459                       |
| Purchase of Stock-in-trade                                                                       |          | —                                 | 4,052,204                         |
| Change in Inventories of Finished Goods,                                                         |          |                                   |                                   |
| Stock in Trade and Work-in-Progress                                                              | 23       | (15,110,655)                      | (23,882,149)                      |
| Employee Benefits Expenses                                                                       | 24       | 68,118,934                        | 61,219,500                        |
| Finance Costs                                                                                    | 25       | 7,535,759                         | 7,937,827                         |
| Depreciation Expenses                                                                            | 3        | 10,049,711                        | 9,847,416                         |
| Other Expenses                                                                                   | 26       | 119,382,145                       | 129,599,701                       |
| Total Expenses (IV)                                                                              |          | 541,287,165                       | 535,579,958                       |
| <b>V Profit/(Loss) before Exceptional Items &amp; Tax (I-IV)</b>                                 |          | 24,399,862                        | 30,271,913                        |
| <b>VI Exceptional Items</b>                                                                      | 27       | 1,086,181                         | —                                 |
| <b>VII Profit before Tax</b>                                                                     |          | 25,486,043                        | 30,271,913                        |
| <b>VIII Tax Expense</b>                                                                          |          |                                   |                                   |
| Adjustment of tax relating to previous years                                                     |          | (1,034,412)                       | (15,220)                          |
| Current Tax                                                                                      |          | (7,500,000)                       | (8,500,000)                       |
| Deffered Tax                                                                                     |          | 1,611,708                         | 450,835                           |
| <b>IX Profit/(Loss) for the year from continuing operations (VII-VIII)</b>                       |          | 18,563,339                        | 22,207,528                        |
| <b>X Profit/(Loss) for the period from discontinued operations</b>                               |          | —                                 | —                                 |
| <b>XI Tax Expenses of discontinued operations</b>                                                |          | —                                 | —                                 |
| <b>XII Profit/(Loss) for the period from discontinued operations</b>                             |          | —                                 | —                                 |
| <b>XIII Profit/(Loss) for the period (IX+XII)</b>                                                |          | 18,563,339                        | 22,207,528                        |
| <b>XIV Other Comprehensive Income</b>                                                            |          |                                   |                                   |
| A i. Items that will not be reclassified to Profit or Loss                                       |          | —                                 | —                                 |
| ii. Income Tax relating to items that will not be reclassified to Profit or Loss                 |          | —                                 | —                                 |
| B i. Items that will be reclassified to Profit or Loss                                           |          | —                                 | —                                 |
| ii. Income Tax relating to items that will be reclassified to Profit or Loss                     |          | —                                 | —                                 |
| <b>XV Total comprehensive Income for the period (XII+XIV)</b>                                    |          |                                   |                                   |
| [Comprising Profit and Other Comprehensive Income for the Period]                                |          | 18,563,339                        | 22,207,528                        |
| <b>XVI Earning per Equity Share for continuing operation in ₹ (Face value per share ₹1 each)</b> |          |                                   |                                   |
| 1. Basic                                                                                         | 28       | 0.147                             | 0.176                             |
| 2. Diluted                                                                                       |          | 0.147                             | 0.176                             |
| <b>XVII Earning per Equity Share for discontinuing operation</b>                                 |          |                                   |                                   |
| 1. Basic                                                                                         |          | —                                 | —                                 |
| 2. Diluted                                                                                       |          | —                                 | —                                 |
| <b>XVIII Earning per Equity Share (for continuing &amp; discontinued operations)</b>             |          |                                   |                                   |
| 1. Basic                                                                                         |          | 0.147                             | 0.176                             |
| 2. Diluted                                                                                       |          | 0.147                             | 0.176                             |

**Significant Accounting Policies and Notes on Financial Statements 1 to 44**

The accompanying notes form an integral part of financial statements

Per our report attached

For **PPKG & Co.,**

Chartered Accountants

Firm Regn. No. 009655S

**Giridhari Lal Toshniwal**

Partner

Membership No. 205140

UDIN: 20205140AAAAAEL2449

Place: Hyderabad

Date : July 30, 2020

For and on behalf of the Board of Directors

**Arihant Baid**

Managing Director

DIN: 01171845

**Laxmipat Baid**  
Chief Financial Officer

**T.M. Gopalakrishnan**  
Whole Time Director  
DIN: 03137458



|                                                                        | 31.03.2020<br>(₹)    | 31.03.2019<br>(₹)  |
|------------------------------------------------------------------------|----------------------|--------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                          |                      |                    |
| Net Profit before Tax                                                  | 2,54,86,043          | 3,02,71,913        |
| Adjustment for:                                                        |                      |                    |
| Depreciation and amoratisation expense                                 | 1,00,49,711          | 98,47,416          |
| Finance Cost                                                           | 75,35,759            | 79,37,827          |
| Interest Income                                                        | (7,93,043)           | (4,71,949)         |
| (Gain)/loss on sale of asset                                           | —                    | —                  |
| <b>Operating Profit before working capital changes</b>                 | <b>4,22,78,470</b>   | <b>4,75,85,207</b> |
| Adjustment for:                                                        |                      |                    |
| Trade payables and other liability                                     | 2,26,22,961          | (3,27,90,985)      |
| Trade receivables                                                      | 4,11,81,617          | 6,13,660           |
| Inventories                                                            | (2,11,02,076)        | (2,98,84,646)      |
| Financial and other Assets                                             | (10,16,54,237)       | 3,67,47,757        |
| <b>Cash generated from operations</b>                                  | <b>(1,66,73,265)</b> | <b>2,22,70,992</b> |
| Adjustments for:                                                       |                      |                    |
| Income Taxes paid                                                      | (39,208)             | (35,15,220)        |
| <b>Net Cash from operating activities</b>                              | <b>(1,67,12,473)</b> | <b>1,87,55,772</b> |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                          |                      |                    |
| Purchase of property, plant and equipment                              | (29,45,344)          | (1,04,15,299)      |
| Sale of property, plant and equipment                                  | —                    | —                  |
| Interest Income                                                        | 7,93,043             | 4,71,949           |
| <b>Net Cash used in Investing activities</b>                           | <b>(21,52,301)</b>   | <b>(99,43,350)</b> |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                          |                      |                    |
| Proceeds from Borrowings                                               | —                    | —                  |
| Changes in Long Term Borrowings                                        | (3,94,431)           | (37,63,107)        |
| Changes in Short Term Borrowings (Net)                                 | 44,56,142            | 2,41,70,817        |
| Interest Paid                                                          | (75,35,759)          | (79,37,827)        |
| <b>Net Cash from Financing activities</b>                              | <b>(34,74,048)</b>   | <b>1,24,69,883</b> |
| <b>Net Increase / (Decrease) in Cash and Cash equivalent ( A+B+C )</b> | <b>(2,23,38,822)</b> | <b>2,12,82,305</b> |
| <b>Cash and Cash Equivalents as at the beginning of the year</b>       | <b>3,14,64,959</b>   | <b>1,01,82,653</b> |
| <b>Cash and Cash Equivalents as at the end of the year</b>             | <b>91,26,137</b>     | <b>3,14,64,959</b> |

**Notes:**

1. The above Cash Flow Statement has been prepared under the “Indirect Method” set out in Indian Accounting Standard (Ind-AS)- 7 on Statement of Cash Flow.
2. Figures in bracket indicate cash outflow.
3. Previous year comparatives have been reclassified to conform with current year’s presentation, wherever applicable.

Per our report attached

For **PPKG & Co.,**

Chartered Accountants

Firm Regn. No. 009655S

**Giridhari Lal Toshniwal**

Partner

Membership No. 205140

UDIN: 20205140AAAAEL2449

Place: Hyderabad

Date : July 30, 2020

For and on behalf of the Board of Directors

**Arihant Baid**

Managing Director

DIN: 01171845

**Laxmipat Baid**  
Chief Financial Officer**T.M. Gopalakrishnan**  
Whole Time Director  
DIN: 03137458



Statement of Changes in Equity

**A. EQUITY SHARE CAPITAL**

| Notes                           | Number of shares | Amount      |
|---------------------------------|------------------|-------------|
| As at 1 April 2018              | 126,503,000      | 126,503,000 |
| Changes in equity share capital |                  |             |
| As at 31 March 2019             | 126,503,000      | 126,503,000 |
| Changes in equity share capital |                  |             |
| As at 31 March 2019             | 126,503,000      | 126,503,000 |

**B. OTHER EQUITY**

|                                                           | Share application money pending allotment | Equity component of financial instrument | Reserves and Securities Premium Reserve | Other Reserve (specify nature) | Retained Earnings | Debt instrument through other Comprehensive Income | Equity instrument through other Comprehensive Income | Effective Portion of Cash Flow Hedges | Effective difference on Translation of the financial statement | Other items of Comprehensive Income (Specify nature) | Money Received against Share Capital | Total     |
|-----------------------------------------------------------|-------------------------------------------|------------------------------------------|-----------------------------------------|--------------------------------|-------------------|----------------------------------------------------|------------------------------------------------------|---------------------------------------|----------------------------------------------------------------|------------------------------------------------------|--------------------------------------|-----------|
| Balance at the beginning of the reporting period 2018     | 725000                                    | 6000000                                  | 722892                                  | 108493218                      |                   |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 182909110 |
| Changes in accounting policy or prior period errors       |                                           |                                          |                                         |                                |                   |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Restated balance at the beginning of the reporting period |                                           |                                          |                                         |                                |                   |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Total Comprehensive                                       |                                           |                                          |                                         |                                |                   |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Income for the year                                       |                                           |                                          |                                         |                                | 8252949           |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 8252949   |
| Dividends                                                 |                                           |                                          |                                         |                                |                   |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Transfer to retained earnings                             |                                           |                                          |                                         |                                |                   |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Investment Subsidy                                        |                                           |                                          |                                         |                                | 0                 |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Any Other Change (Depreciation)                           |                                           |                                          |                                         |                                | 0                 |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Balance at the end of the reporting period 2018           | 725000                                    | 6000000                                  | 722892                                  | 116689167                      |                   |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 191162059 |
| Balance at the beginning of the reporting period 2019     | -                                         | 725000                                   | 6000000                                 | 722892                         | 116793883         | 0                                                  | 0                                                    | 0                                     | 0                                                              | 0                                                    | 0                                    | 191286775 |
| Changes in accounting policy or prior period errors       | -                                         | -                                        | -                                       | -                              | -                 | -                                                  | -                                                    | -                                     | -                                                              | -                                                    | -                                    | 0         |
| Restated balance at the beginning of the reporting period |                                           |                                          |                                         |                                |                   |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |



| Share application on money pending allotment              | Equity component of financial instrument | Reserves and Surplus Capital Securities Reserve | Other Reserve (specify nature) | Retained Earning | Debt instrument through other Comprehensive Income | Equity instrument through other Comprehensive Income | Effective Portion of Cash Flow Hedges | Effective difference on Translation of the financial statement | Other items of Comprehensive Income (Specify nature) | Money Received against Share Capital | Total     |
|-----------------------------------------------------------|------------------------------------------|-------------------------------------------------|--------------------------------|------------------|----------------------------------------------------|------------------------------------------------------|---------------------------------------|----------------------------------------------------------------|------------------------------------------------------|--------------------------------------|-----------|
| Total Comprehensive                                       |                                          |                                                 |                                |                  |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Income for the year                                       |                                          |                                                 |                                | 20882404         |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 20882404  |
| Dividends                                                 |                                          |                                                 |                                |                  |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Transfer to retained earnings                             |                                          |                                                 |                                |                  |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Investment Subsidy                                        |                                          |                                                 |                                | 0                |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Any Other Change (Depreciation)                           |                                          |                                                 |                                | 0                |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Balance at the end of the reporting period 2019           | 7250000                                  | 60000000                                        | 722892                         | 137176287        |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 211649179 |
| Balance at the beginning of the reporting period 2020     | -                                        | 7250000                                         | 60000000                       | 722892           | 137176287                                          | 0                                                    | 0                                     | 0                                                              | 0                                                    | 0                                    | 211649179 |
| Changes in accounting policy or prior period errors       | -                                        | -                                               | -                              | -                | -                                                  | -                                                    | -                                     | -                                                              | -                                                    | -                                    | 0         |
| Restated balance at the beginning of the reporting period | -                                        | -                                               | -                              | -                | -                                                  | -                                                    | -                                     | -                                                              | -                                                    | -                                    | 0         |
| Total Comprehensive                                       |                                          |                                                 |                                |                  |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Income for the year                                       |                                          |                                                 |                                | 18563339         |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 18563339  |
| Dividends                                                 |                                          |                                                 |                                |                  |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Transfer to retained earnings                             |                                          |                                                 |                                |                  |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Investment Subsidy                                        |                                          |                                                 |                                | 0                |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Any Other Change                                          |                                          |                                                 |                                | 0                |                                                    |                                                      |                                       |                                                                |                                                      |                                      | 0         |
| Balance at the end of the reporting period 2020           |                                          | 7250000                                         | 60000000                       | 722892           | 15739626                                           |                                                      |                                       |                                                                |                                                      |                                      | 230212518 |

Note: Re-measurement of defined benefit plans and fair value changes relation to own credit risk of financial liabilities designated at fair value through profit or loss shall be recognised as part of retained earnings with separate disclosure of such items along with the relevant amounts in the notes.



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER  
EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2020**

**1. Company Background**

Gennex Laboratories Limited (“the Company”) is a public limited company domiciled and incorporated in India in accordance with the provisions of the Companies Act, 1956. The registered office of the Company is located at Sy.No.133, IDA Bollaram, Jinnaram Mandal, Sangareddy District – 502 325, Telangana. The equity shares of the Company are listed on the Bombay Stock Exchange.

The Company is engaged in the business of manufacturing of Bulk Drugs and Intermediaries. The Company has manufacturing facilities in India which caters to both domestic and international markets.

These Consolidated financial statements for the year ended March 31, 2020 were authorized and approved for issue by the Board of Directors on July 31, 2020.

**2. Significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of the Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of Preparation**

**i. Compliance with Ind AS**

The Consolidated Financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the “Act”) [Companies (Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

**ii. Historical cost convention**

The Consolidated financial statements have been prepared on going concern basis under the historical cost basis except for the following:

- \* Certain Financial assets and liabilities which are measured at fair value.
- \* Defined benefit plans – plan assets measured at fair value; and
- \* Contingent Consideration

**iii. New and amended standards adopted by the Company**

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- \* Ind AS 115, Revenue from Contracts with Customers
- \* Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates.
- \* **Ind AS 116, Leases:**

Ind AS 116 removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability (the obligation to pay rentals). An optional exemption exists for short-term and low value leases. The standard may not have a significant impact on the Group’s financial statements considering the number of assets under operating lease arrangement as at March 31, 2020. On implementation of Ind AS 116, the operating lease charges will be replaced with interest and depreciation expenses.



These changes will affect key ratios like profit margin, operating margin, EBITDA margin, etc. Further, operating cash flows portion of the lease liability will be classified within financing activities.

The effect on adoption of Ind AS 116 would be insignificant in the Consolidated financial statements.

\* **Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments:**

On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount of the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax

The standard **permits** two possible methods of transition:

- \* Full retrospective approach: Under this approach Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, without using hind sight, and
- \* Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives

The Group is currently assessing the detailed financial impact of this standard on its Consolidated financial statements.

\* **Amendment to Ind AS 12, Income Taxes:**

On March 30, 2019, the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group is currently evaluating the effect of this amendment on the Consolidated financial statements.

iv. **Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is classified as current when it is:

- \* Expected to be realized or intended to sold or consumed in normal operating cycle
- \* Held primarily for the purpose of trading
- \* Expected to be realised within twelve months after the reporting period, or
- \* Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period



All other assets are classified as non-current. A liability is classified as current when:

- \* It is expected to be settled in normal operating cycle
- \* It is held primarily for the purpose of trading
- \* It is due to be settled within twelve months after the reporting period, or
- \* There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

**v. Rounding of amounts**

All amounts disclosed in the Consolidated Financial Statements and notes have been rounded off to the nearest rupees as per the requirement of Schedule III, unless otherwise stated.

**2.2 Properties, plant and equipment (PPE) Recognition and initial measurements**

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its Working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognized in Consolidated statement of profit or loss as incurred.

**Depreciation method, estimated useful lives and residual values**

The classification of Plant and equipment into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives as estimated by management which coincides with rates prescribed in Schedule II to the Companies Act, 2013.

Cost of the leasehold land is amortized on a straight-line basis over the term of the lease.

The residual values, useful lives and method of depreciation of are reviewed at each financial year end and adjusted prospectively, if appropriate.

**De-recognition**

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-Recognition of the asset (calculated as the Difference between the net disposal proceeds and the carrying amount of the asset) is included in the other income/other expenses when the asset is derecognized.

**2.3 Intangible Assets**

**Recognition and initial measurement**

Intangible assets (including software) are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.



#### **Amortisation method and period**

Computer software is amortised on a pro-rata basis using the straight-line method over its estimated useful life of 3 years from the date they are available for use. Amortisation method and useful lives are reviewed periodically including at each financial year end.

#### **2.4 Impairment of non-financial assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group or assets (cash-generating units). The Company's corporate assets (eg. Central office building for providing support to vaorur CGUs) do not generate independent cash flows. To determinate impairment of corporate assets, recoverable amount is determined for the CGUs to which the corporate assets belongs.

#### **2.5 Inventories**

- \* Stores & Spares are valued at cost or at net realizable value, whichever is lower. Cost is arrived at Weighted Average Basis.
- \* Raw Material, Semi Finished Goods, Finished Goods are valued at Cost or Market Value whichever is lower. Cost is arrived at FIFO method.
- \* Obsolescence and Damaged materials are valued at Realizable Value.

#### **2.6 Operating Leases**

##### **As a lessee**

Leases of property, plant and equipment where the Company, as a lessee, has substantial risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding lease rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability of each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are clarified as operating leases. Payments made under operating leases are charges to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

##### **As a Lessor**

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary costs increases. The respective leased assets are included in the Balance Sheet based on their nature.



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## **2.7 Investment and other financial assets**

### **i. Classification**

The Company classifies its financial assets in the following measurement categories:

- \* those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- \* those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

### **ii. Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### **Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- \* **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired.
- \* **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other income'.
- \* **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the Consolidated Statement of Profit and Loss within 'Other income' in the period in which it arises.



### **Equity instruments**

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other income' in the Consolidated Statement of Profit and Loss.

### **iii. Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### **iv. Derecognition of financial assets**

A financial asset is derecognised only when

- \* the Company has transferred the rights to receive cash flows from the financial asset or
- \* retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### **v. Income recognition Interest income**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

### **Dividends**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

### **vi. Fair value of financial instruments**

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at



each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

## **2.8 Derivative instruments**

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period, with changes included in 'Other income'/'Other expenses'

## **2.9 Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## **2.10 Trade Receivables**

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

## **2.11 Cash and Cash equivalents**

For the purpose of presentation in the Cash Flow Statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **2.12 Trade payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## **2.13 Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired.



Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**2.14 Non-current assets (or disposal groups) held for sale**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Balance Sheet.

**2.15 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 is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognised.

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

**2.16 Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

**2.17 Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.



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**2.18 Foreign currency transactions and translation****i. Functional and presentation currency**

Items included in the Consolidated financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Consolidated financial statements are presented in Indian Rupee (Rs.), which is the Company's functional and presentation currency.

**ii. Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. The exchange differences arising from settlement of foreign currency transactions and from the year-end restatement are recognised in profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs, if any, are presented in the Consolidated Statement of Profit and Loss, within 'Finance costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Profit and Loss on a net basis within 'Other income'/'Other expenses'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

**2.19 Employee benefits****i. Short-term employee benefits**

Liabilities for short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

**ii. Post-employment benefits Defined benefit plans**

The liability or asset recognised in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in 'Employee benefits expense' in the Consolidated Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. These are included in retained earnings in the Statement of Changes in Equity.

The Company has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service



and final salary. The liability recognised in the balance sheet for Defined Benefit Plans as the present value of the Defined Benefit Obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of Independent actuaries. Actuarial gains and losses resulting from re-measurements of the liability are included in other comprehensive income.

The Company has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC). Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement or in the event of death in lumpsum after deduction of necessary taxes upto a maximum limit of ₹20 lacs. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund.

#### **Defined contribution plans**

Contributions under defined contribution plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

#### **iii. Other long-term employee benefits**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured annually by actuaries as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented under 'Employee benefit obligations' (current) in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### **2.20 Income Taxes**

Tax expense recognized in Consolidated Statement of Profit or Loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will



be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax bases that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

### **2.21 Provision and Contingencies**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only 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 arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

### **2.22 Dividends**

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

### **2.23 Earnings per share**

#### **i. Basic earnings per share**

Basic earnings per share is calculated by dividing:

- \* the profit attributable to owners of the Company
- \* by the weighted average number of equity shares outstanding during the financial year

#### **ii. Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- \* the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and



- \* the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## 2.24 Segment Reporting

The Company is engaged in manufacture of Bulk Drugs & Intermediates which in the context of Accounting Standard – 17 issued by the Institute of Chartered Accountants of India is considered as a single segment – Ref. Note 31D.

## 2.25 Critical estimates and judgments

The preparation of Consolidated financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these Consolidated financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Consolidated financial statements.

The areas involving critical estimates or judgements are:

- \* **Employee benefits (estimation of defined benefit obligation)**

Post-employment benefits represent obligations that will be settled in the future and require assumptions to project benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of future benefit costs over the employee's approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires the Company to make assumptions regarding variables such as discount rate and salary growth rate. Changes in these key assumptions can have a significant impact on the defined benefit obligations.

- \* **Impairment of trade receivables**

The risk of uncollectibility of trade receivables is primarily estimated based on prior experience with, and the past due status of, doubtful debtors, based on factors that include ability to pay, bankruptcy and payment history. The assumptions and estimates applied for determining the provision for impairment are reviewed periodically.

- \* **Estimation of expected useful lives of property, plant and equipment**

Management reviews its estimate of the useful lives of property, plant and equipment at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of property, plant and equipment.



**Note 3: PROPERTY, PLANT AND EQUIPMENT**

|                                                | Land       | Factory Buildings | Plant and Equipments (d) | Furniture and Fixtures | Vehicles   | Capital work in Progress | Total       |
|------------------------------------------------|------------|-------------------|--------------------------|------------------------|------------|--------------------------|-------------|
|                                                | ₹          | ₹                 | ₹                        | ₹                      | ₹          | ₹                        | ₹           |
| <b>Gross carrying amount</b>                   |            |                   |                          |                        |            |                          |             |
| Cost/deemed cost as at 1st April 2017          | 84,181,540 | 16,978,278        | 137,742,636              | 27,475,057             | 13,572,142 | 2,319,990                | 282,269,643 |
| Additions                                      | 0          | 3,283,977         | 5,759,878                | 896,502                | 0          | 0                        | 9,940,357   |
| Disposals / deductions                         | 0          | 0                 | 624,000                  | 0                      | 0          | 2,319,990                | 2,943,990   |
| Transfer to assets classified as held for sale | 0.00       | -                 | -                        | -                      | -          | -                        | 0.00        |
| As at 31st March 2018                          | 84,181,540 | 20,262,255        | 142,878,514              | 28,371,559             | 13,572,142 | 0                        | 289,266,010 |
| Additions                                      | 0          | 0                 | 8,907,690                | 1,507,609              | 0          | 0                        | 10,415,299  |
| Disposals / deductions                         | 0          | 0.00              | 0.00                     | 0.00                   | 0.00       | 0.00                     | 0.00        |
| Transfer to assets classified as held for sale | 0          | 0                 | 0                        | 0                      | 0          | 0                        | 0.00        |
| As at 31st March 2019                          | 84,181,540 | 20,262,255        | 151,786,204              | 29,879,168             | 13,572,142 | 0                        | 299,681,309 |
| Additions                                      | 0          | 0                 | 2,740,000                | 205,344                | 0          | 0                        | 2,945,344   |
| Disposals / deductions                         | 0          | 0.00              | 0.00                     | 0.00                   | 0.00       | 0.00                     | 0.00        |
| Transfer to assets classified as held for sale | 0          | 0                 | 0                        | 0                      | 0          | 0                        | 0.00        |
| As at 31st March 2020                          | 84,181,540 | 20,262,255        | 154,526,204              | 30,084,512             | 13,572,142 | 0                        | 302,626,653 |
| <b>Accumulated depreciation</b>                |            |                   |                          |                        |            |                          |             |
| As at 1st April 2017                           | 0          | 9,386,325         | 87,870,485               | 20,921,444             | 6,679,998  | 0                        | 124,858,252 |
| Charge for the year                            | 0          | 549,740           | 5,508,986                | 1,804,988              | 1,354,735  | 0                        | 9,218,449   |
| Disposals / deductions                         | 0          | 0                 | 624,000                  | 0                      | 0          | 0                        | 624,000     |
| As at 31st March 2018                          | 0          | 9,936,065         | 92,755,471               | 22,726,432             | 8,034,733  | 0                        | 133,452,701 |
| Charge for the year                            | 0          | 601,427           | 595,711                  | 195,075                | 13,381,115 | 0                        | 98,474,16   |
| Disposals / deductions                         | 0          | 0                 | 0                        | 0                      | 0          | 0                        | 0           |
| As at 31st March 2019                          | 0          | 10,537,492        | 98,712,586               | 24,677,191             | 93,728,48  | 0                        | 143,300,117 |
| Charge for the year                            | 0          | 601,427           | 62,181,95                | 19,064,91              | 13,235,98  | 0                        | 100,497,11  |
| Disposals / deductions                         | 0          | 0                 | 0                        | 0                      | 0          | 0                        | 0           |
| As at 31st March 2020                          | 0          | 11,138,919        | 104,930,781              | 26,583,682             | 106,964,46 | 0                        | 153,349,828 |
| <b>Net carrying amount</b>                     |            |                   |                          |                        |            |                          |             |
| As at 31st March 2019                          | 84,181,540 | 9,724,763         | 53,073,618               | 5,201,977              | 41,992,94  | 0                        | 156,381,192 |
| As at 31st March 2020                          | 84,181,540 | 9,123,336         | 49,595,423               | 35,008,30              | 28,756,96  | 0                        | 149,276,825 |



|                                                                                            | As at<br>March 31, 2020<br>₹ | As at<br>March 31, 2019<br>₹ |
|--------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>4 FINANCIAL ASSETS</b>                                                                  |                              |                              |
| <b>Unquoted</b>                                                                            |                              |                              |
| <b>a. Investment in Associates</b>                                                         |                              |                              |
| 5500000 Equity Shares of ₹10 each fully paid up<br>in Deccan Remedies Limited              | 70,000,000                   | 70,000,000                   |
| Profit/(Loss) from Associate (Deccan Remedies Ltd.)                                        | (1,825,124)                  | (1,825,124)                  |
| <b>b. Other Investments</b>                                                                |                              |                              |
| 1000 Equity Shares of ₹100 each fully paid up<br>in Progressive Effluent Treatment Limited | 100,000                      | 100,000                      |
| <b>Total</b>                                                                               | <b>68,274,876</b>            | <b>68,274,876</b>            |
| <b>5 OTHER NON-CURRENT ASSETS</b>                                                          |                              |                              |
| Security Deposit                                                                           | 2,203,697                    | 2,203,697                    |
| <b>Total</b>                                                                               | <b>2,203,697</b>             | <b>2,203,697</b>             |
| <b>6 INVENTORIES (As valued and certified<br/>by Management)</b>                           |                              |                              |
| <b>Valued at lower of cost and net realisable value</b>                                    |                              |                              |
| i. Stores & Spares                                                                         | 1,712,425                    | 1,797,255                    |
| ii. Packing Material                                                                       | 802,930                      | 525,900                      |
| iii. Coal & Diesel                                                                         | 456,646                      | 251,968                      |
| iv. Raw Materials                                                                          | 20,865,655                   | 15,271,112                   |
| v. Finished Goods                                                                          | 31,509,540                   | 17,964,943                   |
| vi. Work-in-process                                                                        | 19,025,930                   | 17,459,872                   |
| <b>Total</b>                                                                               | <b>74,373,126</b>            | <b>53,271,050</b>            |
| <b>7 TRADE RECEIVABLES</b>                                                                 |                              |                              |
| <b>Trade Receivables</b>                                                                   | 62,795,865                   | 103,977,482                  |
| <b>Receivable from Related Parties</b>                                                     | —                            | —                            |
| <b>Less: Loss Allowance</b>                                                                | —                            | —                            |
| <b>Total Receivable</b>                                                                    | 62,795,865                   | 103,977,482                  |
| <b>Current portion</b>                                                                     | 54,906,077                   | 97,660,189                   |
| <b>Non-current portion</b>                                                                 | 7,889,788                    | 6,317,293                    |
| <b>Break-up of security details</b>                                                        |                              |                              |
| Trade receivables considered good - secured                                                | —                            | —                            |
| Trade receivables considered good - unsecured                                              | 62,795,865                   | 103,977,482                  |
| Trade receivables - which have significant<br>increase in credit risk                      | —                            | —                            |
| Trade receivables - credit impaired                                                        | —                            | —                            |
| <b>Total</b>                                                                               | <b>62,795,865</b>            | <b>103,977,482</b>           |
| <b>Less: Loss Allowance</b>                                                                | —                            | —                            |
| <b>Total trade receivables</b>                                                             | <b>62,795,865</b>            | <b>103,977,482</b>           |
| a. Trade receivables are non-interest bearing and are generally on terms of up to 90 days  |                              |                              |

**Gennex Laboratories Limited**

|                                                                                                                                                                                   | As at<br>March 31, 2020<br>₹ | As at<br>March 31, 2019<br>₹ |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>8 CASH AND CASH EQUIVALENTS</b>                                                                                                                                                |                              |                              |
| a. Cash on hand                                                                                                                                                                   | 1,937,409                    | 1,950,830                    |
| b. Balances with Banks                                                                                                                                                            |                              |                              |
| i. In Current Accounts                                                                                                                                                            | 29,259                       | 460,424                      |
| ii. In Deposit Accounts<br>(Margin Money against LCs/BG)                                                                                                                          | 6,417,768                    | 29,053,705                   |
| iii. Cheques in hand                                                                                                                                                              | 741,701                      | —                            |
| Total                                                                                                                                                                             | 9,126,137                    | 31,464,959                   |
| <b>9 OTHER FINANCIAL ASSETS - SHORT TERM LOANS &amp; ADVANCES</b><br><b>Particulars (Unsecured, considered good, recoverable in cash<br/>or in kind for value to be received)</b> |                              |                              |
| a. Loans and advances to related parties<br>Unsecured, considered good                                                                                                            | —                            | —                            |
| b. Loans and advances to employees<br>Unsecured, considered good                                                                                                                  | 27,132,628                   | 23,829,932                   |
| c. Advances to Contractors, Suppliers<br>Unsecured, considered good                                                                                                               | 4,089,042                    | 3,433,742                    |
| d. Advances recoverable cash or in kind                                                                                                                                           | 151,519,872                  | 49,489,701                   |
| Total                                                                                                                                                                             | 182,741,542                  | 76,753,375                   |
| <b>10 OTHER CURRENT ASSETS</b>                                                                                                                                                    |                              |                              |
| a. Prepaid Expenses<br>Unsecured, considered good                                                                                                                                 | 813,016                      | 1,457,687                    |
| b. Balances with Government Authorities<br>Unsecured, considered good                                                                                                             |                              |                              |
| i. GST credit receivable                                                                                                                                                          | 8,366,492                    | 8,936,738                    |
| ii. Balances with Central Excise Deptt                                                                                                                                            | 24,833                       | 24,833                       |
| iii. VAT credit receivable                                                                                                                                                        | 9,727,780                    | 10,429,112                   |
| iv. Meis claim receivable                                                                                                                                                         | 1,403,713                    | 3,851,214                    |
| c. Accrued Interest                                                                                                                                                               | 309,255                      | 279,435                      |
| Total                                                                                                                                                                             | 20,645,089                   | 24,979,019                   |



|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | As at<br>March 31, 2020<br>₹ | As at<br>March 31, 2019<br>₹   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------|
| <b>11 EQUITY</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                              |                                |
| <b>SHARE CAPITAL</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                              |                                |
| <b>Authorised Capital</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                              |                                |
| 160,000,000 Equity Shares of ₹1 each                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                              |                                |
| ( Previous Year 160,000,000 Equity Shares of ₹1 each)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>160,000,000</b>           | 160,000,000                    |
| <b>11.1 Issued Shares</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                              |                                |
| 126,503,000 Equity Shares of ₹1 each                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                              |                                |
| (Previous Year 126,503,000 Equity Shares of ₹1 each)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>126,503,000</b>           | 126,503,000                    |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>126,503,000</b>           | 126,503,000                    |
| <b>11.2 Subscribed and Paid-up Shares</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                              |                                |
| 126,503,000 Equity Shares of ₹1 each                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                              |                                |
| (Previous Year 126,503,000 Equity Shares of ₹1 each)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>126,503,000</b>           | 126,503,000                    |
| Forfeited Shares (amount originally paid-up)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | —                            | —                              |
| <b>Total subscribed and paid-up share capital</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>126,503,000</b>           | 126,503,000                    |
| <b>11.2.1 a. The reconciliation of the no. of shares outstanding at the beginning and at the end of the year</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                              |                                |
| At the beginning of the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>126,503,000</b>           | 126,503,000                    |
| Outstanding at the end of the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>126,503,000</b>           | 126,503,000                    |
| <b>b. Terms/rights attached to equity shares</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                              |                                |
| The Company has only one class of equity shares having a part value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuring Annual General Meeting except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. |                              |                                |
| <b>11.2.2 The details of share holders holding more than 5% shares:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                              |                                |
| Premier Fiscal Services (P) Ltd                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>25,000,000</b>            | <b>19.76</b> *25,000,000 19.76 |
| <b>12 OTHER EQUITY</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                              |                                |
| Share Premium                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>60,000,000</b>            | 60,000,000                     |
| Investment Subsidy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>2,000,000</b>             | 2,000,000                      |
| General Reserve                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>7,222,892</b>             | 7,222,892                      |
| Capital Reserve (Forfeit of warrant)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>7,250,000</b>             | 7,250,000                      |
| Retained Profit on Fixed Assets net of defer tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>(1,407,367)</b>           | (1,407,367)                    |
| Balance in Profit & Loss                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                              |                                |
| Balance at the beginning of the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>138,408,778</b>           | 116,201,250                    |
| Add: Profit for the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>18,563,339</b>            | 22,207,528                     |
| Balance at the Closing of the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>156,972,117</b>           | 138,408,778                    |
| Profit/(Loss) from Associate (Deccan Remedies Ltd.)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>(1,825,124)</b>           | (1,825,124)                    |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>230,212,518</b>           | 211,649,179                    |

**Gennex Laboratories Limited**

|                                                                                                                                        | As at<br>March 31, 2020<br>₹ | As at<br>March 31, 2019<br>₹ |
|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>13 OTHER FINANCIAL LIABILITIES</b>                                                                                                  |                              |                              |
| Unsecured Sales Tax Deferment (Govt.)                                                                                                  | 154,902                      | 549,333                      |
| Total                                                                                                                                  | 154,902                      | 549,333                      |
| <br>13.1 Sales Tax deferment availed till the current account period is due for repayment after 12 months from Balance Sheet as under: |                              |                              |
| Year of Repayment                                                                                                                      |                              |                              |
| 2020-21                                                                                                                                |                              | 394,431                      |
| 2021-22                                                                                                                                | 154,902                      | 154,902                      |
| Total                                                                                                                                  | 154,902                      | 549,333                      |
| <br><b>14 DEFERRED TAX (LIABILITY)/ASSETS</b>                                                                                          |                              |                              |
| a. Diff. between Book & Tax Depreciation (Liability)                                                                                   | 7,498,489                    | 8,316,659                    |
| b. Others                                                                                                                              | (3,509,111)                  | (2,715,573)                  |
| Total                                                                                                                                  | 3,989,378                    | 5,601,086                    |
| <br>Net Deferred Tax Liability/(Assets)                                                                                                | 3,989,378                    | 5,601,086                    |



|                                                                                                                                                                                                                                                          | As at<br>March 31, 2020<br>₹ | As at<br>March 31, 2019<br>₹ |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>15 CURRENT BORROWINGS</b>                                                                                                                                                                                                                             |                              |                              |
| a. <b>Secured</b>                                                                                                                                                                                                                                        |                              |                              |
| From Banks - Secured                                                                                                                                                                                                                                     |                              |                              |
| State Bank of India - C/C A/C                                                                                                                                                                                                                            | —                            | 876,589                      |
| State Bank of India - IUBD A/C                                                                                                                                                                                                                           | —                            | 1,080,000                    |
| Axis Bank Ltd. - IUBD A/C                                                                                                                                                                                                                                | 1,030,140                    | —                            |
| Axis Bank Ltd.                                                                                                                                                                                                                                           | 48,812,759                   | 40,717,063                   |
| (The due to Axis Bank Ltd - Secured by means of Hypothecation of Stocks of Raw Material, Semi Finished & Finished Goods, Stores & Spare parts and Book-debts and First Charge on the Fixed Assets of the Company and personal guarantee of One Director) |                              |                              |
| Axis Bank Ltd. - Term Loan (Secured against Exclusive First Charge on Fixed Assets of the Company)                                                                                                                                                       | 296                          | 2,398,239                    |
| <b>Loan - Secured</b><br>(Secured against the hypothecated assets procured out of Loan)                                                                                                                                                                  |                              |                              |
| ICICI Bank Ltd.                                                                                                                                                                                                                                          | —                            | 315,162                      |
| Total                                                                                                                                                                                                                                                    | 49,843,195                   | 45,387,053                   |
| <b>16 TRADE PAYABLES</b>                                                                                                                                                                                                                                 |                              |                              |
| Trade Payable                                                                                                                                                                                                                                            | 81,320,389                   | 81,543,720                   |
| Total                                                                                                                                                                                                                                                    | 81,320,389                   | 81,543,720                   |
| 16.1 Out of above, dues to Micro, Small and Medium enterprises have been determined to be ₹ 1,20,04,968 to the extent such parties have been identified on the basis of information available with the company.                                          |                              |                              |
| 16.2 Trade payables are non-interest bearing and normally settled within 90 days term.                                                                                                                                                                   |                              |                              |
| <b>17 OTHER CURRENT LIABILITIES</b>                                                                                                                                                                                                                      |                              |                              |
| Creditors for Capital Goods                                                                                                                                                                                                                              | 1,846,630                    | 2,445,381                    |
| Advances from Customers                                                                                                                                                                                                                                  | 18,377,858                   | 4,237,870                    |
| Other Liabilities                                                                                                                                                                                                                                        | 32,632,874                   | 24,547,037                   |
| Sales Tax Deferrment (Govt.)                                                                                                                                                                                                                             | 394,431                      | 277,545                      |
| Total                                                                                                                                                                                                                                                    | 53,251,793                   | 31,507,833                   |
| 17.1 Other liabilities consist of PF, ESI, Service Tax, TDS, GST and TCS payable etc.                                                                                                                                                                    |                              |                              |
| <b>18 PROVISIONS</b>                                                                                                                                                                                                                                     |                              |                              |
| Provision for Leave Encashment                                                                                                                                                                                                                           | 2,813,825                    | 1,711,493                    |
| Total                                                                                                                                                                                                                                                    | 2,813,825                    | 1,711,493                    |
| <b>19 CURRENT TAX LIABILITIES</b>                                                                                                                                                                                                                        |                              |                              |
| Current Tax Liabilities (Net)                                                                                                                                                                                                                            | 21,348,157                   | 12,852,953                   |
| Total                                                                                                                                                                                                                                                    | 21,348,157                   | 12,852,953                   |

**Gennex Laboratories Limited**

|                                                                                          | Year ended<br>March 31, 2020<br>₹ | Year ended<br>March 31, 2019<br>₹ |
|------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>20 REVENUE FROM OPERATION</b>                                                         |                                   |                                   |
| Sale of Products                                                                         | 599,283,525                       | 599,298,057                       |
| Other Operating Revenues                                                                 | 294,354                           | 301,544                           |
|                                                                                          | 599,577,879                       | 599,599,601                       |
| Less: GST                                                                                | 43,404,822                        | 41,572,789                        |
| Net Revenue from Operation                                                               | 556,173,057                       | 558,026,812                       |
| <b>21 OTHER INCOME</b>                                                                   |                                   |                                   |
| Interest Income (TDS ₹39,208; Previous Year ₹47,223)                                     | 793,043                           | 471,949                           |
| Insurance Claim Received                                                                 | 33,544                            | —                                 |
| MEIS Benefit                                                                             | 6,141,323                         | 5,346,127                         |
| Exchange Rate Fluctuation                                                                | 2,035,036                         | 149,619                           |
| Duty Draw Back                                                                           | 511,024                           | 1,857,364                         |
| Total                                                                                    | 9,513,970                         | 7,825,059                         |
| <b>22 COST OF RAW MATERIAL CONSUMED</b>                                                  |                                   |                                   |
| Opening Stocks                                                                           | 15,271,112                        | 10,094,095                        |
| Add: Purchases                                                                           | 356,905,814                       | 351,982,476                       |
| Total                                                                                    | 372,176,926                       | 362,076,571                       |
| Less: Closing Stocks                                                                     | 20,865,655                        | 15,271,112                        |
| Cost of Raw Material Consumed                                                            | 351,311,271                       | 346,805,459                       |
| <b>23 CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE &amp; WORK IN PROGRESS</b> |                                   |                                   |
| Opening Stocks                                                                           |                                   |                                   |
| Work in Progress                                                                         | 17,459,872                        | 8,888,319                         |
| Finished Goods                                                                           | 17,964,943                        | 2,654,347                         |
| Total                                                                                    | 35,424,815                        | 11,542,666                        |
| Closing Stocks                                                                           |                                   |                                   |
| Work in Progress                                                                         | 19,025,930                        | 17,459,872                        |
| Finished Goods                                                                           | 31,509,540                        | 17,964,943                        |
| Total                                                                                    | 50,535,470                        | 35,424,815                        |
| Changes in Stock                                                                         | (15,110,655)                      | (23,882,149)                      |
| <b>24 EMPLOYEE BENEFITS EXPENSE</b>                                                      |                                   |                                   |
| Salaries and Wages                                                                       | 59,708,620                        | 54,288,692                        |
| Contributions to Provident and other funds                                               | 3,463,287                         | 3,118,500                         |
| Gratuity                                                                                 | 1,724,382                         | 395,003                           |
| Staff Welfare expenses                                                                   | 3,222,645                         | 3,417,305                         |
| Total                                                                                    | 68,118,934                        | 61,219,500                        |



|                                           | Year ended<br>March 31, 2020<br>₹ | Year ended<br>March 31, 2019<br>₹ |
|-------------------------------------------|-----------------------------------|-----------------------------------|
| <b>25 FINANCE COST</b>                    |                                   |                                   |
| Interest and Finance Charges              | 7,535,759                         | 7,937,827                         |
| <b>Total</b>                              | <b>7,535,759</b>                  | <b>7,937,827</b>                  |
| <b>26 OTHER EXPENSES</b>                  |                                   |                                   |
| Pollution Expenses                        | 12,703,293                        | 10,853,322                        |
| Consultancy & Legal Expenses              | 2,421,080                         | 4,598,745                         |
| Rent & Facilities                         | 3,263,073                         | 2,260,487                         |
| Electricity Charges                       | 761,561                           | 775,192                           |
| Security Charges                          | 1,110,325                         | 819,072                           |
| Printing & Stationery                     | 896,842                           | 1,056,070                         |
| Communication Expenses                    | 1,060,025                         | 1,164,138                         |
| Insurance                                 | 932,942                           | 1,437,396                         |
| Travelling & Conveyance Exp.              | 5,628,851                         | 7,481,210                         |
| Selling Expenses                          | 4,942,286                         | 6,853,413                         |
| Carriage Outwards                         | 11,253,420                        | 15,297,974                        |
| Auditors' Remuneration:                   |                                   |                                   |
| i. Audit Fees                             | 200,000                           | 137,400                           |
| ii. Tax Audit Fees                        | 35,650                            | 34,350                            |
| iii. Certification & Other                | 173,000                           | 143,000                           |
| iv. Audit Fees - Branch                   | —                                 | 11,000                            |
|                                           | <b>408,650</b>                    | <b>325,750</b>                    |
| Vehicle Maintenance                       | 821,263                           | 532,146                           |
| Sales Tax                                 | 687,285                           | 480,029                           |
| Miscellaneous Expenses                    | 5,426,854                         | 6,086,017                         |
| Sundry Balances Written Off (Net)         | 162,192                           | 839,881                           |
| Stores, Spares & Others                   | 6,624,293                         | 8,879,957                         |
| Packing Material                          | 10,734,453                        | 12,194,464                        |
| Power & Fuels                             | 32,213,376                        | 27,705,839                        |
| Repairs & Maintenance - Buildings         | 302,151                           | 1,702,335                         |
| Repairs & Maintenance - Plant & Machinery | 1,907,571                         | 2,433,827                         |
| Repairs & Maintenance - Others            | 412,269                           | 716,349                           |
| Job Work Charges                          | 14,708,090                        | 15,106,088                        |
| <b>Total</b>                              | <b>119,382,145</b>                | <b>129,599,701</b>                |



## Gennex Laboratories Limited

|                                    | Year ended<br>March 31, 2020<br>₹ | Year ended<br>March 31, 2019<br>₹ |
|------------------------------------|-----------------------------------|-----------------------------------|
| <b>27 EXCEPTIONAL ITEMS</b>        |                                   |                                   |
| GST Input                          | 1,086,181                         | —                                 |
| <b>28 EARNING PER SHARE</b>        |                                   |                                   |
| Net Profit the basic EPS           | 18,563,339                        | 22,207,528                        |
| Weighted Average No. of Shares     | 126,503,000                       | 126,503,000                       |
| Annualized Basic Earning per share | 0.147                             | 0.176                             |

### 29 CONTINGENT LIABILITY

|                                                                             |         |         |
|-----------------------------------------------------------------------------|---------|---------|
| i. Income-tax where appeals/petitions are pending with Various Authorities  | *49.39  | *45.58  |
| ii. Sales Tax where Appeal is pending                                       | *111.04 | *111.04 |
| *Company is hopeful of getting complete relief, hence no provision is made. |         |         |

| Sl. No. | Nature of Statute | Nature of Dues | Amount (Rs. in Lacs) | Period to which the amount relates to | Forum where the dispute is pending |
|---------|-------------------|----------------|----------------------|---------------------------------------|------------------------------------|
| 1       | CST               | Sales Tax      | 96.47                | 2001-02                               | CTO                                |
| 2       | CST               | Sales Tax      | 14.57                | 2007-08                               | Appellate DC(CT)                   |
|         | <b>Total</b>      |                | <b>111.04</b>        |                                       |                                    |
|         |                   |                |                      | <b>Assmt year</b>                     |                                    |
| 3       | Income Tax        | Income Tax     | 8.22                 | 2001-02                               | Appellate Authority                |
|         |                   | Income Tax     | 37.36                | 2002-03                               | Appellate Authority                |
|         |                   | Income Tax     | 3.81                 | 2015-16                               | Appellate Authority                |
|         | <b>Total</b>      |                | <b>49.39</b>         |                                       |                                    |

Based on the experiences, the management is of the opinion that the above cases would be in favour of the company. However in case of loss then there could be significant impact on the financial statements of the Company.

30 Additional information pursuant to paragraphs 5 (viii) of part II of Schedule VI to the Companies Act, 1956 are as follows:

|                                                                                               | Year ended<br>March 31, 2020<br>₹ | Year ended<br>March 31, 2019<br>₹ |
|-----------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>A. C.I.F. value of imports by the Company (Excluding imported items purchased locally)</b> |                                   |                                   |
| Raw Materials                                                                                 | 74,466,029                        | 73,264,071                        |
| Fixed Assets                                                                                  | —                                 | —                                 |
| <b>B. Expenditure in foreign currency during the year:</b>                                    |                                   |                                   |
| a. Foreign Travel Expenses                                                                    | 1,032,608                         | 1,979,002                         |
| b. Sales Commission                                                                           | 3,012,037                         | 3,731,101                         |
| c. Bank Charges                                                                               | 330,612                           | 1,110,070                         |
| d. Business Promotion Charges                                                                 | 48,547                            | 1,225,444                         |



## C. Details of consumption of imported and indigenous items

| Particulars                                    | Year ended<br>March 31, 2020<br>₹ | Year ended<br>March 31, 2020<br>% | Year ended<br>March 31, 2019<br>₹ | Year ended<br>March 31, 2019<br>% |
|------------------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Raw Material (Imported)                        | 71,143,526                        | 20%                               | 68,132,682                        | 20%                               |
| Raw material (Indegenous)                      | 280,167,745                       | 80%                               | 278,672,777                       | 80%                               |
| Stores, Spares Parts & Components (Indegenous) | 6,624,293                         | 100%                              | 8,879,957                         | 100%                              |
| Total                                          | 357,935,564                       |                                   | 355,685,416                       |                                   |

## D. Segment Details

The Company is engaged in manufacture of Bulk Drugs & Intermediates which in the context of Accounting Standard-17 issued by the Institute of Chartered Accountants of India is considered as a single segment.

The geographic segments individually contributing 10 percent or more of the Company's revenues and segment assets are shown separately:

| Geographic Segment | Revenues for the<br>Year ended<br>March 31, 2020 | Segment Assets<br>As at<br>March 31, 2020 |
|--------------------|--------------------------------------------------|-------------------------------------------|
| Germany            | 137.81<br>(79.04)                                | -<br>-                                    |
| Egypt              | 595.01<br>(465.07)                               | -<br>(39.95)                              |
| Iran               | 524.24<br>(195.80)                               | 22.20<br>(52.70)                          |
| Peru               | 205.16<br>(223.88)                               | 21.33<br>(23.38)                          |
| Spain              | 176.44<br>(207.69)                               | 4.53<br>(4.65)                            |
| Guatemala City     | 105.68<br>(267.31)                               | -<br>(43.59)                              |
| South Korea        | -<br>(329.23)                                    | -<br>(104.79)                             |
| Vietnam            | 228.48<br>(386.44)                               | -<br>-                                    |
| Export Others      | 328.00<br>(312.14)                               | 4.06<br>(18.59)                           |
| India              | 3260.91<br>(3,113.67)                            | 575.84<br>(752.13)                        |

Note: Figures in brackets relates to the previous year.

**Gennex Laboratories Limited**

| Particulars                                                       | Year ended<br>March 31, 2020<br>₹ | Year ended<br>March 31, 2019<br>₹ |
|-------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| E. Earning in Foreign Currency on F.O.B. basis<br>Export of Goods | 219,851,146                       | 234,778,001                       |

**31. RELATED PARTIES DISCLOSURES**

Name of related parties and related party relationship

Related parties with whom transactions have taken place during the year

Enterprise having significant influence on the Company

Key Management Personnel/Directors

Mr. Arihant Baid (Managing Director)  
 Mr. T M Gopalakrishnan (Whole Time Director)  
 Mr. Y Ravinder Reddy (Independent Director)  
 Ms. Sadhana Bhansali (Independent./Woman Director)  
 Mr. Vinod Choraria (Independent Director - Appointed on 06.07.2019)  
 Mr. L P Baid (Chief Financial Officer)  
 Mr. Rajesh Vankodara (Company Secretary - Appointed on 15.02.2020)

Relative of Key Management Personnel / Directors

Mr. Vinod Baid

Enterprises owned or significantly influenced by Key  
 Management Personnel/Directors or their relatives

(Deccan Remedies Limited)  
 Relative of Key Management Personnel / Directors  
 Mr. T M Gopalakrishnan (Director)

**31.1 Remuneration of Key Personnel/Directors**

|   | Name & Relationship                            | Nature of<br>Transaction | Year ended               | Amount (₹)             |
|---|------------------------------------------------|--------------------------|--------------------------|------------------------|
| 1 | Mr. Arihant Baid<br>Managing Director          | Remuneration             | 31.03.2020<br>31.03.2019 | 3,028,800<br>2,857,500 |
| 2 | Mr. T.M. Gopalakrishnan<br>Whole-Time Director | Remuneration             | 31.03.2020<br>31.03.2019 | 3,643,433<br>3,127,859 |
| 3 | Mr. Laxmipat Baid<br>Chief Financial Officer   | Remuneration             | 31.03.2020<br>31.03.2019 | 1,493,100<br>1,352,400 |
| 4 | Mr. Vankadara Rajesh<br>Company Secretary      | Remuneration             | 31.03.2020<br>31.03.2019 | 110,717<br>—           |

**32. EMPLOYEES BENEFITS:**

32.1 Company has obtain Group Gratuity Scheme with LIC and contributing the same. The assumption taken are discount rate @ 7.5% and salary escalation @ 6% etc.

## 32.2 Defined Contribution Plan:

Contribution to defined contribution plan, recognized as expenses for the year are as under:

Employer's Contribution to Provident/Pension Fund - ₹18,74,805/-

The Company contributes applicable rates of salary of all eligible employees towards Provident Fund managed by the Central Government.

## Leave Encashment:

The Company has provided a sum of ₹28,13,825/- towards Leave encashment based on actuarial valuation.

33. Balance in Advance, Deposits, Unsecured Loans, Other Liabilities, Trade Receivables, Trade Payables and Advance against Suppliers are subject to confirmation by respective parties.

34. Fixed Assets includes land for which Registration formalities are yet to be completed.

35. The Company's Lease Agreement in respect of Building at Srinagar Colony. The Lease Rentals payable are charged as "Lease Rental Charges" under "Other Expenses" in Note No. 27. This leasing arrangement is for longer period and renewable by mutual consent on mutually agreeable terms. Future lease rental payable are as under:

(₹ in Lakhs)

| Particulars                                    | As at<br>March 31, 2020* | As at<br>March 31, 2019 |
|------------------------------------------------|--------------------------|-------------------------|
| Payables:                                      |                          |                         |
| Not later than one year                        | 3.27                     | 21.67                   |
| Later than one year but not later than 3 years | 0.00                     | 3.68                    |
| Later than 3 years                             | 0.00                     | 0.00                    |

\* The above figures are given without discounting at present value

36. Investment includes ₹70,000,000 in Shares of Deccan Remedies Limited for the Company's expansion plans.

37. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

38. In accordance with the Accounting Standards (AS-28) on "Impairment of Assets" the management during the year carried out exercise of identifying the assets that may have been impaired in respect of each cash generating unit. On the basis of this review carried out by the management there was no impairment loss on the fixed assets during the year ended March 31, 2020.

39. Investment Subsidy received from Andhra Pradesh Government is shown under Other Equity.

|                                                                                                                                                                                                                                                   |                                                           |                                                                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------------------|
| Board of Directors<br>For <b>PPKG &amp; Co.,</b><br>Chartered Accountants<br>Firm Regn. No. 009655S<br><b>Giridhari Lal Toshniwal</b><br>Partner<br>Membership No. 205140<br>UDIN: 20205140AAAAEL2449<br>Place: Hyderabad<br>Date : July 30, 2020 | Per our report attached                                   | For and on behalf of the                                           |
|                                                                                                                                                                                                                                                   | <b>Arihant Baid</b><br>Managing Director<br>DIN: 01171845 |                                                                    |
|                                                                                                                                                                                                                                                   | <b>Laxmipat Baid</b><br>Chief Financial Officer           | <b>T.M. Gopalakrishnan</b><br>Whole Time Director<br>DIN: 03137458 |

**41. Income tax**

|                                                                                                                                                                                                                                                     | ₹ in Lakhs     |                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                                                                                                                                                                                     | March 31, 2020 | March 31, 2019 |
| Tax expense/(credit) comprises of:                                                                                                                                                                                                                  |                |                |
| Current income tax                                                                                                                                                                                                                                  | 75.00          | 85.00          |
| Deferred tax                                                                                                                                                                                                                                        | -16.12         | -4.51          |
| Income tax expense reported in the statement of profit or loss                                                                                                                                                                                      | 58.88          | 80.49          |
| The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 27.82% (March 31, 2019: 27.82%) and the reported tax expense in profit or loss are as follows: |                |                |
| Reconciliation of tax expense and the accounting profit multiplied by India's tax rate                                                                                                                                                              |                |                |
| Profit before tax                                                                                                                                                                                                                                   | 254.86         | 302.72         |
| Tax at the Indian tax rate (27.82%) (March 31, 2019: 27.82%)                                                                                                                                                                                        | 70.90          | 84.22          |
| Adjustments:                                                                                                                                                                                                                                        |                |                |
| CSR expenses and other donations                                                                                                                                                                                                                    | —              | —              |
| Weighted deduction on research and development expense                                                                                                                                                                                              | —              | —              |
| Tax incentives                                                                                                                                                                                                                                      | —              | —              |
| Capital gain tax                                                                                                                                                                                                                                    | —              | —              |
| MAT credit utilisation                                                                                                                                                                                                                              | —              | —              |
| Deferred tax assets not recognized / (utilized)                                                                                                                                                                                                     | 16.12          | 4.51           |
| Effect of change in tax laws and rate in jurisdictions outside India                                                                                                                                                                                | —              | —              |
| Other Adjustments                                                                                                                                                                                                                                   | -4.10          | -0.78          |
| Income tax expense                                                                                                                                                                                                                                  | 58.88          | 80.49          |

**42. Capital management**

The Company's policy is to maintain strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of business.

The Company manages its Capital structure through a balanced mix of debt and equity.

The Company's capital structure is influenced by the changes in the regulatory frameworks, government policies, available options of financing and impact of the same on liquidity position.

The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The table below shows the Gearing ratio for FY 2019-20 and FY 2018-19.

|                               | ₹ in Lakhs     |                |
|-------------------------------|----------------|----------------|
| Particulars                   | March 31, 2020 | March 31, 2019 |
| Borrowings                    | 498.43         | 453.87         |
| Trade Payables                | 813.20         | 815.44         |
| Less: Cash & Cash Equivalents | 91.26          | 314.65         |
| Net Debt                      | 1220.37        | 954.66         |
| Equity Capital                | 3385.41        | 3399.77        |
| Equity Capital and Net Debt   | 4805.78        | 4354.43        |
| Gearing Ratio                 | 25%            | 22%            |

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

**43. Fair Values**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

| Particulars                                        | ₹ in Lakhs        |                   |                   |                   |
|----------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                    | Carrying Values   |                   | Fair Values       |                   |
|                                                    | March 31,<br>2020 | March 31,<br>2019 | March 31,<br>2020 | March 31,<br>2019 |
| <b>Financial Assets</b>                            |                   |                   |                   |                   |
| Investments                                        | <b>682.75</b>     | 682.75            | <b>682.75</b>     | 682.75            |
| Other financial assets                             | <b>22.04</b>      | 22.04             | <b>22.04</b>      | 22.04             |
| Tax Assets (Net)                                   | -                 | -                 | -                 | -                 |
| Trade Receivables                                  | <b>627.96</b>     | 1,039.77          | <b>627.96</b>     | 1,039.77          |
| Cash and Cash Equivalents                          | <b>19.37</b>      | 19.51             | <b>19.37</b>      | 19.51             |
| Bank balances other than cash and cash equivalents | <b>71.89</b>      | 295.14            | <b>71.89</b>      | 295.14            |
| Other financial assets                             | <b>1,827.42</b>   | 767.53            | <b>1,827.42</b>   | 767.53            |
| <b>Total</b>                                       | <b>3,251.43</b>   | 2,826.74          | <b>3,251.43</b>   | 2,826.74          |
| <b>Financial Liabilities</b>                       |                   |                   |                   |                   |
| Non-current Borrowings                             | -                 | -                 | -                 | -                 |
| Other non-current financial Liabilities            | <b>1.55</b>       | 5.49              | <b>1.55</b>       | 5.49              |
| Current Borrowings                                 | <b>498.43</b>     | 453.87            | <b>498.43</b>     | 453.87            |
| Trade Payables                                     | <b>813.20</b>     | 815.44            | <b>813.20</b>     | 815.44            |
| Other current financial Liabilities                | <b>532.52</b>     | 315.08            | <b>532.52</b>     | 315.08            |
| <b>Total</b>                                       | <b>1,845.70</b>   | 1,589.88          | <b>1,845.70</b>   | 1,589.88          |

The management assessed that fair value of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

**44. Fair values hierarchy**

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for the financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using the valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

**Gennex Laboratories Limited**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities: Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2020:

₹ in Lakhs

| Particulars                                        | Date of valuation | Total           | Quoted prices in active markets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|----------------------------------------------------|-------------------|-----------------|-------------------------------------------|-----------------------------------------|-------------------------------------------|
| <b>Fair value of financial assets disclosed:</b>   |                   |                 |                                           |                                         |                                           |
| Investments                                        | 31-Mar-20         | 682.75          | -                                         | 682.75                                  | -                                         |
| Other financial assets                             | 31-Mar-20         | 22.04           | -                                         | 22.04                                   | -                                         |
| Tax Assets (Net)                                   | 31-Mar-20         | -               | -                                         | -                                       | -                                         |
| Trade Receivables                                  | 31-Mar-20         | 627.96          | -                                         | 627.96                                  | -                                         |
| Cash and Cash Equivalents                          | 31-Mar-20         | 19.37           | -                                         | 19.37                                   | -                                         |
| Bank balances other than cash and cash equivalents | 31-Mar-20         | 71.89           | -                                         | 71.89                                   | -                                         |
| Other financial assets                             | 31-Mar-20         | 1,827.42        | -                                         | 1,827.42                                | -                                         |
| <b>Total</b>                                       |                   | <b>3,251.43</b> | <b>-</b>                                  | <b>3,251.43</b>                         | <b>-</b>                                  |

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2020:

**Fair value of financial liabilities disclosed**

|                                         |           |                 |          |                 |          |
|-----------------------------------------|-----------|-----------------|----------|-----------------|----------|
| Non-current Borrowings                  | 31-Mar-20 | -               | -        | -               | -        |
| Other non-current financial Liabilities | 31-Mar-20 | 1.55            | -        | 1.55            | -        |
| Current Borrowings                      | 31-Mar-20 | 498.43          | -        | 498.43          | -        |
| Trade Payables                          | 31-Mar-20 | 813.20          | -        | 813.20          | -        |
| Other current financial Liabilities     | 31-Mar-20 | 532.52          | -        | 532.52          | -        |
| <b>Total</b>                            |           | <b>1,845.70</b> | <b>-</b> | <b>1,845.70</b> | <b>-</b> |

There have been no transfers between Level 1 and Level 2 during the period.



The following table provides the fair value measurement hierarchy of the Company's assets and liabilities: Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019:

₹ in Lakhs

| Particulars                                        | Date of valuation | Total           | Quoted prices in active markets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|----------------------------------------------------|-------------------|-----------------|-------------------------------------------|-----------------------------------------|-------------------------------------------|
| <b>Fair value of financial assets disclosed</b>    |                   |                 |                                           |                                         |                                           |
| Investments                                        | 31-Mar-19         | 682.75          | -                                         | 682.75                                  | -                                         |
| Other financial assets                             | 31-Mar-19         | 22.04           | -                                         | 22.04                                   | -                                         |
| Tax Assets (Net)                                   | 31-Mar-19         | -               | -                                         | -                                       | -                                         |
| Trade Receivables                                  | 31-Mar-19         | 627.96          | -                                         | 627.96                                  | -                                         |
| Cash and Cash Equivalents                          | 31-Mar-19         | 19.37           | -                                         | 19.37                                   | -                                         |
| Bank balances other than cash and cash equivalents | 31-Mar-19         | 71.89           | -                                         | 71.89                                   | -                                         |
| Other financial assets                             | 31-Mar-19         | 1,827.42        | -                                         | 1,827.42                                | -                                         |
| <b>Total</b>                                       |                   | <b>3,251.43</b> | <b>-</b>                                  | <b>3,251.43</b>                         | <b>-</b>                                  |

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2019:

**Fair value of financial liabilities disclosed**

|                                         |           |                 |          |                 |          |
|-----------------------------------------|-----------|-----------------|----------|-----------------|----------|
| Non-current Borrowings                  | 31-Mar-19 | -               | -        | -               | -        |
| Other non-current financial Liabilities | 31-Mar-19 | 5.49            | -        | 5.49            | -        |
| Current Borrowings                      | 31-Mar-19 | 453.87          | -        | 453.87          | -        |
| Trade Payables                          | 31-Mar-19 | 815.44          | -        | 815.44          | -        |
| Other current financial Liabilities     | 31-Mar-19 | 315.08          | -        | 315.08          | -        |
| <b>Total</b>                            |           | <b>1,589.88</b> | <b>-</b> | <b>1,589.88</b> | <b>-</b> |

There have been no transfers between Level 1 and Level 2 during the period.

**44. Financial risk management objectives and policies**

The Company is exposed to financial risk such as Market Risk (Interest Rate Risk, fluctuation in foreign exchange rates and price risk), credit risk and liquidity risk. The general risk management program of the Company focuses on the unpredictability of the financial markets and attempts to minimize their potential negative influence on the financial performance of the Company. The Company continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors have the overall responsibility for the establishment and oversight of the Company's risk management framework.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk i.e. interest rate risk, foreign currency risk and other price risk. Financial instruments of the Company affected by market risk include borrowings and deposits. The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019. The analysis exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The following assumptions have been made in calculating the sensitivity analysis: The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020 and March 31, 2019.

**Interest Rate Risk**

The interest rate risk arise from long term borrowing of the company with variable interest rates (Bank one year MCLR plus spread). Although the spread is fixed, it is subject to change at fixed time interval or occurrence of specified event(s). Management monitors the movement in interest rate and, wherever possible, reacts to material movements in such rates by restructuring its financing arrangement.

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

|                       | Increase/<br>(decrease) in<br>Interest Rate | Increase/<br>(decrease) in<br>Profit before tax |
|-----------------------|---------------------------------------------|-------------------------------------------------|
| <b>March 31, 2020</b> |                                             |                                                 |
| INR                   | 0.5% p.a.                                   | -1.94                                           |
| INR                   | (0.5%) p.a.                                 | 1.94                                            |
| <b>March 31, 2019</b> |                                             |                                                 |
| INR                   | 0.5% p.a.                                   | -1.49                                           |
| INR                   | (0.5)% p.a.                                 | 1.49                                            |

**Price risk**

Price risk is the risk of fluctuations in the change in prices of equity Investments. The Company's investment in JV company is of strategic in nature rather than for trading purpose.

**Credit risk**

Credit risk is the risk arising from credit exposure to customers and the counterparty will default on its contractual obligations.

The Company has adopted a policy of only dealing with credit worthy customers/ corporates to minimise collection losses. Credit Control team assesses the credit quality of the customers, their financial position, past experience in payments and other relevant factors. Advance payments are obtained from customers in banquets, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of trade and other receivables, advances to suppliers, cash and short-term deposits and interest receivable on deposits represents company's maximum exposure to the credit risk. No other financial asset carry a significant exposure with respect to the credit risk. Deposits and cash balances are placed with Schedule Commercial banks.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company also holds advances as security from customers to mitigate credit risk.

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments held by the Company are in the nature of investment in jointly controlled entity and also an investment in an alternate energy supply company as required under the respective State energy policy. Both the categories are unquoted non-trade equity.

**Liquidity risk**

Liquidity risk is the risk that the Company will have difficulty in raising the financial resources required to fulfil its commitments.

Liquidity risk is held at low levels through effective cash flow management. Cash flow forecasting is performed internally by rolling forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operational requirements, to fund scheduled capex and debt repayments and to comply with the terms of financing documents.

The Company primarily uses short-term bank facilities in the nature of bank overdraft facility to fund its ongoing working capital requirements.



**GENNEX LABORATORIES LIMITED**

Regd. Office: Sy. No. 133, IDA Bollaram Jinnaram Mandal, Sangareddy Dist.- 502 325. Telangana  
Corporate Office: "Akash Ganga", 3rd Floor, Plot # 144, Srinagar Colony, Hyderabad - 500 073. Telangana

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies vide its circular no. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 after considering certain provisions of the Information Technology Act, 2000, permitted the companies to send the notices / annual reports etc. through email to its members. To support this green initiative of the MCA whole heartedly, members who have not yet registered their email address, are requested to register their e-mail address with the Depository through their concerned Depository Participant and members who hold shares in physical mode are requested to intimate their e-mail address at which they would like to receive the above documents electronically, either to the company or to its Registrar and Share Transfer Agent. Shareholders are requested to fill the consent form below and send it to the Registrar and Share Transfer Agent, R&D Infotech Pvt. Ltd or to the Company

**CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE**

(Pursuant to circulars no. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011)

To,  
R&D Infotech Pvt. Ltd.  
1st Floor, 7A, Beltala Road,  
Naresh Mitra Sarani,  
Kolkata – 700 026

Dear Sir,

I/We shareholder(s) of GENNEX LABORATORIES LIMITED, agree to receive all notices and documents including the Annual Report, Notice for General Meetings and other Shareholders Communication in electronic mode (through email). I/We request you to kindly register my / our below mentioned email id in the Company's records for sending such communication through email.

Folio No. .... /DPID No.\* ..... and Client ID No.\* .....

\*Applicable for members holding shares in Electronic Form.

Name of the Sole / First Shareholder: .....

Name of the Joint Shareholders (if any): .....

No. of Shares held: .....

E-mail id for receipt of documents in: .....

Electronic mode: .....

Date:

Place:

Signature: .....

(Sole / First Shareholder)

- Note: 1. Shareholders are requested to inform the Company's Registrar and Share Transfer Agent, R&D Infotech Pvt. Ltd, as and when there is change in their registered email-id.  
2. For shares held in demat form, shareholders are also requested to inform /update their email-ids to their respective Depository Participants.



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**Registration of E-mail address  
for future communication**

Name of the Member ..... Signature .....

Folio No. .... DP ID No. .... Client ID .....

Registered Address .....

Signature .....

E-mail ID .....



*If undelivered, please return to:*

**GENNEX LABORATORIES LIMITED**

“AKASH GANGA”, 3rd Floor, Plot No. 144,  
Srinagar Colony, Hyderabad - 500 073.  
Telangana, INDIA.