



GENNEX LABORATORIES LIMITED

(GENNEX You Can Trust)

**34th Annual Report
2018-19**



BOARD OF DIRECTORS

- Mr. Arihant Baid – *Managing Director*
Mr. T.M. Gopalakrishnan – *Whole-time Director*
Mr. Y. Ravinder Reddy – *Independent Director*
Ms. Sadhana Bhansali – *Independent Director*
Mr. Dipankar Dasgupta – *Independent Director (Resigned on 12.04.2019)*
Mr. Vinod Choraria – *Independent Director (Appointed on 06.07.2019)*

CHIEF FINANCIAL OFFICER

Mr. Laxmipat Baid

REGISTERED OFFICE & WORKS

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

CORPORATE OFFICE

'Akash Ganga', 3rd Floor
Plot # 144, Srinagar Colony
Hyderabad – 500 073, Telangana.

STATUTORY AUDITORS

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

BRANCH AUDITORS

M/s. R. Pogalia & Co.,
Chartered Accountants

SECRETARIAL AUDITORS

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

COST AUDITORS

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

REGISTRAR & SHARE TRANSFER AGENTS

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

BANKERS

State Bank of India, SME Branch,
Somajiguda, Hyderabad - 500 082, Telangana.
Axis Bank Ltd, Kolkata

Website: www.gennexlab.com
CIN: L24230TG1990PLC011168
Stock Exchange: Bombay Stock Exchange
Security ID and Scrip Code: GENNEX & 531739
ISIN: INE509C01026



NOTICE

Notice is hereby given that the 34th Annual General Meeting of the Members of **GENNEX LABORATORIES LIMITED** will be held on Friday, September 27, 2019 at 12:30 p.m. at the Registered Office of the Company situated at Sy. No. 133, IDA Bollaram, Jinnaram Mandal, Sangareddy District - 502 325, Telangana, 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, 2019 together with the Reports of the Directors and Auditors thereon.

2. Re-appointment of Mr. T.M. Gopalakrishnan as a Director, liable to retire by rotation

To appoint a director in place of Mr. T.M. Gopalakrishnan (DIN:03137458), who retires by rotation and, being eligible, seeks reappointment.

SPECIAL BUSINESS

3. Re-appointment of Mr. Y. Ravinder Reddy (DIN: 00011040) as an Independent Director of the Company

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

“RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors at their respective meeting held on August 24, 2019 and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of Listing Regulations (including any statutory modification(s) or re-

enactment thereof for the time being in force), the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. Y. Ravinder Reddy (DIN:00011040) whose current period of office is expiring on September 30, 2019 and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and Listing Regulations and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as an Independent Non Executive Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for 5 (five) consecutive years on the Board of the Company for a term w.e.f. October 1, 2019 upto September 30, 2024.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things and give such directions as may be necessary, in the best interests of the Company, for giving effect to the aforesaid Resolution, including but not limited to signing and execution of necessary forms and documents as may be deemed necessary and expedient in its discretion.”

4. Reappointment of Ms. Sadhana Bhansali (DIN:06962425) as an Independent Director of the Company.

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

“RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors at their respective meetings held on August 24, 2019 and



pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of Listing Regulations (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the Members of the Company be and is hereby accorded for re-appointment of Ms. Sadhana Bhansali (DIN:06962425) whose current period of office is expiring on September 30, 2019 and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and Listing Regulations and in respect of whom the Company has received a notice in writing from a Member proposing her candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as an Independent Non Executive Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for 5 (five) consecutive years on the Board of the Company for a term w.e.f. October 1, 2019 upto September 30, 2024.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things and give such directions as may be necessary, in the best interests of the Company, for giving effect to the aforesaid Resolution, including but not limited to signing and execution of necessary forms and documents as may be deemed necessary and expedient in its discretion.”

5. To appoint Mr. Vinod Choraria as an Independent Director.

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 Sections 149, 150, 152 and 160 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) and the Rules framed there-under, read with Schedule IV to the Act and Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the consent of the Members of the Company be and is hereby accorded to appoint Mr. Vinod Choraria (DIN: 08497499), who was appointed as an Additional Director of the Company by the Board of Directors, in terms of Section 161 of the Companies Act, 2013 and who has submitted a declaration that he meets the criteria of independence under Section 149 (6) of the Companies Act, 2013 and who is eligible for appointment be and is hereby appointed as an Independent Director of the Company, for a period of 5 years upto 39th AGM to be held in 2024 and he shall not be liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things and give such directions as may be necessary, in the best interests of the Company, for giving effect to the aforesaid Resolution, including but not limited to signing and execution of necessary forms and documents as may be deemed necessary and expedient in its discretion.”

6. Appointment and fixation of remuneration payable to the Cost Auditors

To consider and, if thought fit, to pass 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 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or reenactment (s) thereof, for the time being



in force) and pursuant to the recommendation of the Audit Committee, the approval accorded by the Board of Directors of the company for appointment and payment of remuneration of Rs.50,000/- plus reimbursement of actual travel and out of pocket expenses and applicable taxes to M/s. Sai Krishna & Associates, Cost Accountants, Hyderabad, (Firm Registration No.001742) as the Cost Auditors of the Company for the Financial Year 2019-20 be and is hereby approved.”

7. Ratification of 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), the Company hereby ratifies the appointment of M/s. R. Pogalia & Company, Chartered Accountants (Firm Registration No. 318188E) as Branch Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the 35th Annual General Meeting to be held for the financial year 2019-20, on such remuneration as may be determined by the Board of Directors.

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

Arihant Baid
Managing Director
(DIN 01171845)

Place:Hyderabad

Date :August 24, 2019



NOTES

1. The statements pursuant to Section 102(1) of the Companies Act, 2013 in respect of the Ordinary/Special business set out in the Notice and Secretarial Standard on General Meetings (SS-2), wherever applicable, are annexed hereto.
2. The details that are required to be given under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2), in respect of the person seeking re-appointment as directors, **are Annexed.**
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll instead of himself/herself and a proxy need not be a member of the Company. The instrument appointing a proxy in order to be effective, should be deposited at the Registered Office of the Company duly completed and signed, not less than forty-eight hours before the commencement of the meeting.
4. A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or member. A Proxy form is enclosed herewith.
5. During the period beginning 24 hours before the time fixed for the commencement of Meeting and ending with the conclusion of the Meeting, a Member would be entitled to inspect the proxies lodged at any time during the business hours of the Company. All documents referred to in the Notice and accompanying Explanatory Statement are open for inspection at the Registered Office of the company on all working days of the Company between 11:00 a.m. and 1:00 p.m. upto the date of the Annual General Meeting and at the venue of the Meeting for the duration of the Meeting.
6. Corporate Members intending to send their respective authorized representative are requested to send a duly certified copy of the Board/Governing Body resolution authorizing such representative to attend and vote at the Annual General Meeting.
7. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of Listing Regulations, 2015, the Register of Members and Share Transfer Books of the Company will remain closed from September 23, 2019 to September 27, 2019 (both days inclusive).
9. Pursuant to Secretarial Standard on General Meeting (SS-2) in respect of the Directors seeking appointment at the Annual General Meeting, forms integral part of the Notice. The Directors have furnished the requisite declarations for their appointment.
10. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members who are holding shares in physical form are requested to notify changes in their respective address/Bank Mandate/National Electronic Clearing Service (NECS) details, if any, to Company's Registrar i.e. **R&D Infotech (P) Ltd., 1st Floor, 7A, Beltala Road, Naresh Mitra Sarani, Kolkata – 700 026.** Beneficial owners holding shares in electronic form are requested to intimate change in address/Bank Mandate/National Electronic Clearing Service (NECS) details, if any, to their respective Depository Participants (DP). Members are requested to register/ update their e-mail addresses with the Registrar in case of shares held in physical form and with their respective Depository Participants in case shares are held in electronic form.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Registrar.
SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company.



12. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide Notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting, held on August 9, 2018, for a period of 5 years.
13. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities.
In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, M/s. R & D Infotech Private Limited for assistance in this regard.
14. Members holding shares in demat form are requested to intimate any change in their address and/or bank mandate immediately to their Depository Participants and Members holding shares in physical form are requested to intimate any change of address and/or bank mandate to M/s. R & D Infotech Private Limited/ Investor Service Department of the Company immediately.
15. Electronic copy of the Annual Report for the Financial Year 2018-19 along with the Notice of the 34th Annual General Meeting of the Company (including Attendance Slip, Proxy Form and Route Map) is being sent to all the members whose email IDs are registered with the Registrar/Depository Participant(s) unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the Financial Year 2018-19 along with Notice of the 34th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent by other permissible modes.
16. Members may also note that the Notice of the 34th Annual General Meeting and the Annual Report for the Financial Year 2018-19 will also be available on the Company's website www.gennexlab.com and on the website of the Registrar www.rdinfotech.org for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on all working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by any permissible mode free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investorrelations@gennexlab.com.
17. Pursuant to the provisions of Section 72 of the Companies Act 2013, the member(s) holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Member(s) holding shares in demat form may contact their respective Depository Participant for availing this facility.
18. All documents referred to in the Notice and explanatory statement are open for inspection at the Registered Office of the Company during normal business hours on all working days.
19. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, and Register of Contracts or Arrangements in which Directors are interested under section 189 will be made available for inspection by members of the Company at the meeting.
20. To support the 'Green Initiative' the Members who have not registered their e-mail addresses are requested to register the same with M/s. R&D Infotech (P) Ltd.
21. Members are requested to bring their copy of the Annual Report with them at the AGM and also bring the attendance slip duly filled and signed and submit at the entrance of the venue.
22. In compliance with Pursuant to Section 108 of the Companies Act, 2013, read with Rules 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Company has



provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services (India) Limited. The facility for voting, through ballot paper, will also be made available at the Annual General Meeting and the members attending the Annual General Meeting who have not already cast their votes by remote e-voting shall be able to exercise their right at the Annual General Meeting through ballot paper. Members who have casted their votes by remote e-voting prior to the Annual General Meeting may attend the Annual General Meeting but shall not be entitled to cast their votes again.

23. Voting through electronics means:

Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) executed by the company with the BSE Limited and Secretarial Standard on General Meetings (SS-2) issued by the ICSI, the Company is pleased to provide Members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Limited (NSDL).

A Member may exercise his/her votes at any General Meeting by electronic means and Company may pass any resolution by electronic voting system in accordance with Companies (Management and Administration) Amendment Rules, 2015.

During the e-voting period, Members of the Company holding shares either in physical form or dematerialized form, as on the cut-off date (record date) i.e., (Friday, September 20, 2019), may cast their votes electronically.

The Company has approached NSDL for providing e-voting services through our e-voting platform. In this regard, your Demat Account/Folio Number has been enrolled by the Company for your participation in e-voting on resolution placed by the Company on e-Voting system.

The Notice of the Annual General Meeting (AGM) of the Company inter alia indicating the process and manner of e-Voting process along with printed Attendance Slip and Proxy Form can be downloaded from the link <https://www.evoting.nsdl.com> or www.gennexlab.com

Voting either through electronic voting system or ballot or polling paper will be available at the meeting for the members attending the meeting who have not casting their vote by remote e-voting. Members who have cast their vote by remote e-voting prior to the AGM may also attend the meeting but shall not be entitled to cast their vote at the AGM.

The procedure to login to e-Voting website is given below:

1. Open the attached PDF file “e-Voting.pdf” giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your “User ID” and “Password for e-voting”. Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting.
2. Launch internet browser by typing the URL <https://www.evoting.nsdl.com/>
3. Click on “Shareholder - Login”.
4. Put User ID and password as initial password noted in step (1) above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com
5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof
6. Home page of remote “e-Voting” opens. Click on e-Voting: Active Voting Cycles
7. Select EVEN (E-Voting Event Number) of GENNEX LABORATORIES LIMITED. Members can cast their vote online from Tuesday, September 24, 2019 (9:00 am) till Thursday, September 26, 2019 (5:00 pm).
8. Now you are ready for “e-Voting” as “Cast Vote” page opens.



9. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm”, when prompted.
10. Institutional shareholders (i.e., other than Individuals, HUF, NRI, etc.) are also 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 rbhattad@gmail.com with a copy marked to evoting@nsdl.co.in

General instructions:

- a. The e-voting period commences on Tuesday, September 24, 2019 (9:00 am) till Thursday, September 26, 2019 (5:00 pm). During this period shareholders of the Company may cast their vote electronically. The e-voting module shall also be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- b. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Friday, September 20, 2019 may obtain the login ID and password by sending a request at evoting@nsdl.co.in.
- c. A Member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- d. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- e. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Friday, September 20, 2019.
- f. Mr. B. Ramesh Kumar Bhattad, practicing Chartered Accountant, has been appointed by the Company to act as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- g. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those

members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

- h. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the AGM, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than two days of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same and declare the result. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.gennexlab.com immediately. The Company shall simultaneously forward the results to Bombay Stock Exchange.

All the documents referred to in the accompanying Notice and the Statement pursuant to Section 102 (1) of the Companies Act, 2013, will be available for inspection at the Registered Office of the Company during business hours on all working days up to date of declaration of the result of the 34th Annual General Meeting of the Company.

Other information:

- Login to e-voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through 'Forgot Password' option available on the site to reset the same
- Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.
- It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential
- In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.

Members holding Equity Shares in Electronic Form and Proxies thereof, are requested to bring their DP ID and Client ID for identification



ANNEXURE TO NOTICE OF AGM

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

Item No. 3

The shareholders of the Company at their 29th Annual General Meeting held on September 30, 2014 have appointed Mr. Y Ravinder Reddy (DIN:0011040) as an Independent Director of the Company for a period of 5 years and the term of Mr. Y Ravinder Reddy ended on September 30, 2019. The company proposes to re-appoint Mr. Y Ravinder Reddy as Independent Director for another term of 5 years. The Company has received from Mr. Y Ravinder Reddy, consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 and Intimation in Form DIR-8 pursuant to terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified as per Section 164(2) of the Companies Act, 2013; and a declaration to the effect that he meets the criteria of independence as provided under Section 149 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Nomination and Remuneration Committee and Board of Directors at their meetings held on August 24, 2019 on the basis of the report of performance evaluation of Independent Directors have recommended the re-appointment of Mr. Y Ravinder Reddy as an Independent Director for a further period of 5 years effective from October 1, 2019 upto September 30, 2024.

In the opinion of the Board, Mr. Y Ravinder Reddy fulfills the conditions specified in the Companies Act, 2013 and the Rules framed there under and Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for re-appointment as an Independent Director and he is independent of the management.

He is holding 100 equity shares of the Company and he is not related to any Director of the

Company. As per the provisions of Section 149 of the Companies Act, 2013, an Independent Director shall be eligible for re-appointment subject to approval of shareholders by way of a Special Resolution.

The Resolution set out at Item No. 3 of the notice is put forth for consideration of the members as a Special Resolution pursuant to Section 149 read with Schedule IV of the Companies Act, 2013 for re-appointment of Mr. Y Ravinder Reddy as an Independent Director. The terms and conditions of re-appointment of Mr. Y Ravinder Reddy shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day.

Save and except Mr. Y Ravinder Reddy and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at item No.3 of the Notice.

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

Item No. 4

The shareholders of the Company at their 29th Annual General Meeting held on September 30, 2014 have appointed Ms. Sadhana Bhansali (DIN:06962425) as an Independent Director of the Company for a period of 5 years and the term of Ms. Sadhana Bhansali ended on September 30, 2019. The company proposes to re-appoint Ms. Sadhana Bhansali as Independent Director for another term of 5 years. The Company has received from Ms. Sadhana Bhansali, consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 and Intimation in Form DIR-8 pursuant to terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the



effect that she is not disqualified as per Section 164(2) of the Companies Act, 2013; and a declaration to the effect that she meets the criteria of independence as provided under Section 149 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Nomination and Remuneration Committee and Board of Directors at their meetings held on August 24, 2019 on the basis of the report of performance evaluation of Independent Directors have recommended the re-appointment of Ms. Sadhana Bhansali as an Independent Director for a further period of 5 years effective from October 1, 2019 upto September 30, 2024.

In the opinion of the Board, Ms. Sadhana Bhansali fulfills the conditions specified in the Companies Act, 2013 and the Rules framed there under and Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for re-appointment as an Independent Director and she is independent of the management.

She is not holding any equity shares of the Company and she is not related to any Director of the Company. As per the provisions of Section 149 of the Companies Act, 2013, an Independent Director shall be eligible for re-appointment subject to approval of shareholders by way of a Special Resolution.

The Resolution set out at Item No.4 of the notice is put forth for consideration of the members as a Special Resolution pursuant to Section 149 read with Schedule IV of the Companies Act, 2013 for re-appointment of Ms. Sadhana Bhansali as an Independent Director. The terms and conditions of re-appointment of Ms. Sadhana Bhansali shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day.

Save and except Ms. Sadhana Bhansali and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial

Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 4 of the Notice.

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

Item No. 5

Mr. Vinod Choraria (DIN: 08497499) was appointed as an Additional Director (Independent Director) of the Company, w.e.f. July 6, 2019 under Section 161 of the Companies Act, 2013, pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors. The appointment is subject to the approval of the shareholders at the General Meeting to be held immediately after the said appointment.

The Company proposes to appoint Mr. Vinod Choraria as Independent Director of the company. The Company also received from Mr. Vinod Choraria) i) consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; ii) Intimation in Form DIR-8 pursuant to terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified as per Section 164(2) of the Companies Act, 2013; and iii) a declaration to the effect that he meets the criteria of independence as provided under Section 149 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Mr. Vinod Choraria fulfills the conditions specified in the Companies Act, 2013 and the Rules framed there under and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for appointment as an Independent Director and he is independent of the management.

He is holding 100 equity shares of the Company and he is not related to any Director of the



Company. As per the provisions of Section 149 of the Companies Act, 2013, an Independent Director shall be eligible for re-appointment subject to approval of shareholders by way of a Special Resolution.

The Resolution set out at Item No. 5 of the notice is put forth for consideration of the members as an Ordinary Resolution pursuant to Section 149 read with Schedule IV of the Companies Act, 2013 for appointment of Mr. Vinod Choraria as an Independent Director of the Company. The terms and conditions of appointment of Mr. Vinod Choraria shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day.

Save and except Mr. Vinod Choraria and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Managerial Personnel of the Company/their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at item No.5 of the Notice.

The Board of Directors of the Company recommends the resolution at Item No. 5 for approval of the members as Ordinary Resolution.

Item No. 6

The Board, on the recommendation of its Audit Committee, has approved the appointment of M/s. Sai Krishna & Associates, Cost Accountants, Hyderabad, (Firm Registration No.001742) as the Cost Auditors for the Financial Year 2019-20 and payment of remuneration to the said Cost Auditors as mentioned in the resolution.

In accordance with the provisions of Section 148 of the Act, 2013 and the Rules made there under, the remuneration payable to the Cost Auditors needs to be approved by the shareholders of the company.

Accordingly, an Ordinary Resolution as set out at Item No.6 of the Notice containing the remuneration approved for Cost Auditors is submitted for approval by the members.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and

KMPs is concerned or interested, financially or otherwise in the said Resolution.

Your directors recommend the resolution for approval of the shareholders.

Item No. 7

M/s. R. Pogalia & Co., Chartered Accountants, (Firm Registration No. 318188E) appointed as Branch Auditors of 'Gennex Laboratories Limited', to audit the Branch Office(s) for the Three (3) Financial Years 2017-18, 2018-19 and 2019-20. Rule 3(7) of Companies (Audit and Auditors) Rules, 2014 state that the appointment of the Auditor shall be subject to ratification by the Members at every Annual General Meeting till the expiry of the term of the Auditor. In view of the above, the Appointment of M/s. R. Pogalia & Co., Chartered Accountants, (Firm Registration No. 318188E), as the Branch Auditors of 'Gennex Laboratories Limited' from the conclusion of this Meeting until the conclusion of the Annual General Meeting to be held for the Financial Year 2019-20 is being placed for members' ratification. 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. 7 for approval of the members as Ordinary Resolution.

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

Arihant Baid
Managing Director
(DIN 01171845)

Place:Hyderabad
Date :August 24, 2019

Corporate Office:

"Akash Ganga",
Plot No. 144
3rd Floor,
Srinagar Colony
Hyderabad-73
Telangana
Email: investorrelations@gennexlab.com

Registered Office:

Sy.No. 133,
IDA Bollaram,
Srinagar Colony
Jinnaram Mandal,
Sangareddy Dist - 502325
Telangana



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	T M Gopalakrishnan
DIN	03137458
Date of Birth	09.07.1951
Age	68 years
Qualification	M.Tech. in Chemical Engineering
Experience	He has 37 years experience in Pharmaceutical Industry and has vast chemical knowledge
Relationship with other director/ Manager and other KMP	No relationship
No of Shares held	100
Directorships of other Boards	1. Deccan Remedies Ltd.
Membership/Chairmanship of Committees of other Board	NIL

Name of the Director	Y Ravinder Reddy
DIN	00011040
Date of Birth	15.03.1967
Age	52 years
Qualification	B.A.
Experience	He has vast experience in executing Civil Works, i.e., Roads, Buildings, Bridges, Canals in Government sector and Private Sectors. Cultivating Agriculture and Poultry Business
Relationship with other director/ Manager and other KMP	No relationship
No of Shares held	100
Directorships of other Boards	1. Prudential Sugar Corporation Ltd. 2. Gennex Health Care Private Ltd. 3. B&B Infratech Ltd. 4. Gennex Laboratories Ltd.
Membership/Chairmanship of Committees of other Board	Audit Committee and Share Transfer Committee/ Investors' Grievances Committee of Prudential Sugar Corporation Ltd.

**Gennex Laboratories Limited**

Name of the Director	Sadhana Bhansali
DIN	06962425
Date of Birth	10.12.1988
Age	31 years
Qualification	Pursuing C.A. and C.S. Final
Experience	Has extensive experience in Company and Taxation Laws
Relationship with other director/ Manager and other KMP	No relationship
No of Shares held	NIL
Directorships of other Boards	1. Prudential Sugar Corporation Ltd. 2. Gennex Laboratories Ltd.
Membership/Chairmanship of Committees of other Board	Audit Committee and Share Transfer Committee/ Investors' Grievances Committee of Prudential Sugar Corporation Ltd.

Name of the Director	Vinod Choraria
DIN	08497499
Date of Birth	19.09.1960
Age	59 years
Qualification	Graduate
Experience	Has 36 years' experience in Pharmaceutical Industry and has vast chemical knowledge
Relationship with other director/ Manager and other KMP	No relationship
No of Shares held	100
Directorships of other Boards	NIL
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. T M Gopalakrishnan, Mr. Y Ravinder Reddy, Ms. Sadhana Bhansali and Mr. Vinod Choraria 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 Nos. 2, 3, 4 & 5 of the notice.

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

Managing Director
(DIN 01171845)

Place:Hyderabad
Date :August 24, 2019

Corporate Office:
"Akash Ganga", Plot No. 144,
3rd Floor, Srinagar Colony,
Hyderabad – 500 073, Telangana
Email id: 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 34th Annual Report and the Audited Financial Statements for the Financial Year ended March 31, 2019.

1. Financial Results

(₹ in Lakhs)

PARTICULARS	Standalone		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Total Revenue	5658.52	4468.24	5658.52	4468.24
Profit before finance cost, depreciation and tax expense	480.57	310.62	480.57	310.62
Finance cost	79.38	73.11	79.38	73.11
Profit before depreciation and tax expense	401.19	237.51	401.19	237.51
Depreciation	98.47	92.18	98.47	92.18
Profit before tax expense	302.72	145.33	302.72	145.33
Tax expense (Net)	80.64	61.75	80.64	61.75
Net Profit for the year	222.08	83.58	222.08	83.58
Profit brought forward from earlier year	1162.01	1078.43	1162.01	1078.43
Profit available for appropriation	1384.09	1162.01	1384.09	1162.01

State of the Company's Affairs

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 ₹5,658.52 lakhs as against ₹4,468.24 lakhs in the previous year, and the Company has recorded the Profit before Finance Cost, Depreciation and Tax Expenses of ₹480.57 Lakhs (2018-19) as against ₹310.62 Lakhs (2017-18). In the current year the Net profit is ₹222.08 lakhs against the previous year ₹83.58 Lakhs. There is an increase 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 our Company would be making better performances with increased 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-June, 2020** and in the process, the Company is pleased to inform that its application for Environmental Clearance from Ministry of Environment & Forest has already been approved and the unit has been granted Environment Clearance by MoEF, New Delhi. Further, its application for CFE approval from Pollution Control Board has been granted and is confident of getting PCB approval for the same.

The Management is looking for establishing an US (FDA) approved Plant with 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 also exploring various options to raise the required funds to make the unit profitably 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, 2019 was ₹16,00,00,000, comprising of 16,00,00,000 equity shares of ₹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, 2019 was ₹12,65,03,000, comprising of 12,65,03,000 Equity Shares of ₹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, 2019, 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 2018-19 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 or 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 2018-19.

Number of Board Meetings held

During the financial year ended March 31, 2019, seven Board Meetings were held.

The dates on which the Board Meetings were held are 12.05.2018, 30.05.2018, 06.07.2018, 14.08.2018, 14.11.2018, 28.01.2019 and 14.02.2019, 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 has 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**.

Indian Accounting Standards (IND-AS)

Your Company has adopted Indian Accounting Standards (Ind AS) with effect from April 1, 2017 pursuant to the Companies (Indian Accounting Standard) Rules, 2015 as notified by the Ministry of Corporate Affairs on February 16, 2015. Accordingly, your Company has prepared financial results on standalone basis as per Ind-AS for the year ended March 31, 2019, the formats for Unaudited/Audited quarterly financial results i.e. Statement of Profit and Loss and the Unaudited/Audited Half-Yearly Balance Sheet are to be submitted to the stock exchanges, shall be as per the formats for revised Balance Sheet and Statement of Profit and Loss as prescribed in Schedule III to the Companies Act, 2013.

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 <https://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 14.02.2019, 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, 2019 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, 2019 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. Tiruvarur Muralidharan Gopalakrishnan, Director would retire by rotation at the forthcoming AGM and is eligible for re-appointment. Mr. Tiruvarur Muralidharan Gopalakrishnan has offered himself for re-appointment.

Mr. Y. Ravinder Reddy (DIN: 00011040), Non-Executive Independent Director of the Company completed his term of 5 years on 30.09.2019. The company proposes to re-appoint him for another term of 5 years and based on the recommendation of the Nomination and Remuneration Committee and Board of Directors appointed and recommends, the re-appointment of Mr. Y

Ravinder Reddy as Independent Director of the company by passing a special resolution. Ms. Sadhana Bhansali (DIN: 06962425), Non-Executive Independent Director of the Company completed his term of 5 years on 30.09.2019. The company proposes to re-appoint her for another term of 5 years and based on the recommendation of the Nomination and Remuneration Committee and Board of Directors appointed and recommends, the re-appointment of Ms. Sadhana Bhansali as Independent Director of the Company by passing a special resolution.

Appointments

In order to comply with the SEBI (Listing Obligations and Disclosure Requirements) Regulations on Board composition of Promoter Directors and Independent Directors, the Board appointed Mr. Vinod Choraria as an Additional Director (Independent Director) of the Company w.e.f. 06.07.2019 at their meeting held on 06.07.2019 under Section 161 of the Companies Act, 2013. The appointment is subject to the approval of the shareholders at the ensuing Annual General Meeting. The Company also received i) consent in writing to act as a Directors in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; ii) intimation in Form DIR-8 pursuant to terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that they are not disqualified as per Section 164(2) of the Companies Act, 2013; and iii) a declaration to the effect that he meets the criteria of independence as provided under Section 149 of the Companies Act, 2013.

Mr. Vinod Choraria (DIN: 08497499), Independent Director, shall hold office for a term of 5 years from 30.09.2019 to 30.09.2024.

Resignation

Mr. Dipankar Dasgupta (DIN: 05312364), Independent Director, has resigned on 12.04.2019.

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, 2019 are: Mr. Arihant Baid, Managing Director, Mr. T.M. Gopalakrishnan, Whole Time Director and Mr. Laxmipat Baid, CFO 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 33rd AGM held in the year 2019, until the conclusion of the 38th 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.

Cost Auditors

M/s. Sai Krishna & Associates, Cost Accountants, Hyderabad have been appointed as Cost Auditors of the company for the year ending March 31, 2020. A resolution seeking shareholders' approval of the remuneration payable to the said Cost Auditors has been included in the notice of the AGM.

Approval of remuneration payable to the cost auditors as detailed in Item No.6 of the Notice of the AGM.

Auditors' Report and Secretarial Auditors' Report

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.

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, 2019. 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.

The following qualification was observed by the Secretarial Auditor in his Report to which the Board has shared the following explanations:

Qualification: The Company has not appointed Company Secretary as required under the Provisions of section 203 of the Companies Act, 2013 and Regulation 6 of the Listing Regulation entered with Stock Exchange(s).

Board's Response: The Company is in the process to appoint a suitable person as Company Secretary of the company to comply



the provisions under Section 203 of the Companies Act, 2013 and the Board has taken the note of adverse qualification made by the Secretarial Auditor and ensure to comply accordingly.

Internal Auditors

The Board of Directors of the Company appointed Mr. Laxmipat Baid to conduct Internal Audit of the Company for the Financial Year ended March 31, 2019.

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 i.e. (a) net worth of the Company to be ₹500 crore or more; or (b) turnover of the company to be ₹1,000 crore or more; or (c) net profit of the company to be ₹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, 2019 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, 2019, 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., 1st 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 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 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

August 24, 2019



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, 2019, 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, 2019, 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 Financial Assets, Other Non-Current Assets, Non Current Liabilities and Current Liabilities 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 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.



Key Audit Matter	How our Audit addressed the key audit matter
Carrying value of Investment in Associate entity. 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.
Pending Land registration	Discussion with the management on the development in these litigations during year ended March 31, 2019 Review of the disclosures made by the company in the financial statements in this regard. 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.



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 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 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. 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.
17. 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.
18. 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 standalone financial statements dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid standalone 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, 2019 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, 2019 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, 2019;
 - 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, 2019;
 - 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, 2019; and the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from November 8, 2016 to December 30, 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.
 - h. The above financial statements include Statement of Branch of the Company which has been audited by the auditors whose report have been furnished to us by the management and our opinion on the branch financial statements, is so far as it relates to the amounts and disclosures included in respect of the branch solely based on the reports of the other auditors.

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

Giridhari Lal Toshniwal
Partner
Membership No. 205140

Place: Hyderabad
Date: 30.05.2019



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, 2019

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 ₹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 2018-19 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	High Court
2	CST	Sales Tax	14.57	2007-08	Appellate DC(CT)
	Total		111.04		
				Assmt year	
3	Income Tax	Income Tax	8.22	2001-02	Appellate Authority
		Income Tax	37.36	2002-03	Appellate Authority
	Total		45.58		

- viii. 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 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
Membership No. 205140

Place: Hyderabad
Date: 30.05.2019



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, 2019

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')

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, 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. 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

3. 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.
4. 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.
5. 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

6. 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

7. 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.

Opinion

8. 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 March 31, 2019, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Giridhari Lal Toshniwal
Partner
Membership No. 205140

Place: Hyderabad
Date: 30.05.2019

**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.	2019	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	55,002.99	NA	NIL

1. Names of Associates or Joint Ventures which are yet to commence operations**2. Names of Associates or Joint Ventures which have been liquidated or sold during the year**

S.No. Name of the Company and Address

S.No. Name of the Company and Address

Deccan Remedies Ltd.
Regd. Office: Survey No. 75 (A)
Kothur (B) Village
Zaheerabad Mandal
Medak Dist. - 502 228. Telangana

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: August 24, 2019



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 2018-19.

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 2018-19.

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: August 24, 2019

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:
No technology has been imported during the past 3 years. | | |
| a. The details of technology import | : | -NIL- |
| b. The year of import | : | -NIL- |
| c. Whether the technology has been fully absorbed | : | -NIL- |
| d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof | : | -NIL- |
| iv. The expenditure incurred on Research and Development: | | -N.A.- |



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:

Particulars :	Standalone		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Used :	813.10	276.45	813.10	276.45
Earned :	2347.78	1175.76	2347.78	1175.76

(₹ in Thousands)

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: August 24, 2019

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 Managing Director	10.06
2	Mr. T.M. Gopalakrishnan Whole Time Director	10.61
3	Mr. Y. Ravinder Reddy*	NA
4	Ms. Sadhana Bhansali*	NA
5	Mr. Dipankar Dasgupta*	NA
6	Mr. Vinod Choraria*	NA

* Mr. Y. Ravinder Reddy, Ms. Sadhana Bhansali, and Mr. Dipankar Dasgupta were paid sitting fees for attending the Meetings.

*Dipankar Dasgupta resigned on 12.04.2019

* Vinod Choraria appointed on 06.07.2019.

- 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** Managing Director	20.26
2	Mr. T.M. Gopalakrishnan Whole Time Director	56.64
3	Mr. Y. Ravinder Reddy* Independent Director	NA
4	Ms. Sadhana Bhansali* Independent Director	NA
5	Mr. Dipankar Dasgupta* Independent Director	NA
6	Mr. Vinod Choraria* Independent Director	NA
7	Mr. Laxmipat Baid Chief Financial Officer	13.28



*Mr. Y. Ravinder Reddy, Ms. Sadhana Bhansali and Mr. Dipankar Dasgupta were paid sitting fees for attending the Meetings.

**There was no increase in Remuneration paid to Mr. Arihant Baid, Managing Director during the Financial Year ended March 31, 2019.

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

6.08%

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

There are 97 permanent employees on the rolls of the Company as on March 31, 2019.

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: August 24, 2019

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, 2019.

Arihant Baid

Managing Director

Place: Hyderabad

Date: August 24, 2019



Annexure - V

Form No. MR-3

Secretarial Audit Report

For the Financial Year ended 31st March, 2019

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

To,
The Members,
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, 2019, 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, 2019 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')-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the Financial Year under review)
 - d. The Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the Financial Year under review)
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Financial Year under review)
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the Financial Year under review); and
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares)



Regulations, 2009; (Not applicable to the Company during the Financial Year under review)

- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the Financial Year under review)

6. The other laws as may be applicable specifically to the Company are:

- 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 SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above. However, the Company has not appointed Company Secretary 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 Obligation and Disclosure Requirements) Regulations, 2015 entered with Stock Exchange(s). As per information provided by the company, the company is in the process to appoint the suitable person as Company Secretary of the company and there were instances of delay in intimations to Stock Exchanges as required under SEBI (PIT) Regulations, 2015 and SEBI (LODR 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

Place: Hyderabad

Date: August 24, 2019

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

Place: Hyderabad
Date: August 24, 2019



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 9001:2015 and further the Company has obtained ISO 14001 and OSHAS 18001 certification.

- The Management 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 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 2018-19.

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, 2019 is ₹1600 Lakhs divided into 1600 Lakhs Equity Shares of face value of ₹1 each. The Share Capital of the Company consists of only Equity Shares. The Paid-up Capital of the Company as on March 31, 2019 is at ₹1,265.03 Lakhs comprising of 12,65,03,000 Equity Shares of ₹1 each fully paid-up.

2. Reserves and surplus:

The Reserves and Surplus of the Company as on March 31, 2019 stands at ₹2,134.74 Lakhs

3. Secured Loans:

The Working Capital Advances as at March 31, 2019 stand at ₹450.72 Lakhs

4. Unsecured Loans:

The Deferred Sales Tax amount as at March 31, 2019 stand at ₹5.49 Lakhs.

5. Fixed Assets:

The Gross Block stood at ₹2,996.81 Lakhs and the net block stood at ₹1,563.81 Lakhs as at March 31, 2019 compared to ₹2,892.66 Lakhs and ₹1,558.13 Lakhs as at March 31, 2018 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 ₹5,995.99 Lakhs compared to ₹4,727.27 Lakhs in the previous year ended March 31, 2019.

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's 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, 2019, 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 Directors. The Company has **Executive Chairman** and 3 (Three) Independent Directors, comprise 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	8	NIL
2	Mr. T.M. Gopalakrishnan	Whole-time Director	Executive Director	1	3
3	Mr. Y. Ravinder Reddy	Director	Independent Director	4	3
4	Ms. Sadhana Bhansali	Director	Independent Director	1	3
5	Mr. Dipankar Dasgupta*	Director	Independent Director	10	3
6	Mr. Vinod Choraria*	Additional Director	Independent Director		

* Mr. Dipankar Dasgupta resigned on 12.04.2019 and Mr.Vinod Choraria appointed on 06.07.2019.

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, 2019 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, 2019, Seven 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: 12.05.2018, 30.05.2018, 06.07.2018, 14.08.2018, 14.11.2018, 28.01.2019 and 14.02.2019.
- 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 AGM held August 9, 2018
	Held	Attended	
Mr. Arihant Baid	7	4	No
Mr. T.M. Gopalakrishnan	7	6	Yes
Mr. Y. Ravinder Reddy	7	7	Yes
Ms. Sadhana Bhansali	7	4	No
Mr. Dipankar Dasgupta	7	4	No

- vi- Details of equity shares of the Company held by the Directors as on March 31, 2019 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 Independent	100
Mr. Y. Ravinder Reddy	Independent	100
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, 2019.

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:
 - Overseeing 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 Statutory Auditors for any other services rendered by the Statutory Auditors;
 - Reviewing with the management, the Annual Financial Statements and Auditors' Report thereon before submission to the Board for approval, with particular reference to:
 - * 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.
 - * Changes, if any, in Accounting Policies and Practices and reasons for the same.
 - * Major accounting entries involving estimates based on the exercise of Judgment by Management.
 - * Significant adjustments made in the Financial Statements arising out of Audit findings..
 - * Compliance with listing and other legal requirements relating to Financial Statements.
 - * Disclosure of any Related Party Transactions
 - * 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 August 9, 2018 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 2018-19	
			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	2
Mr. Dipankar Dasgupta	Member	Independent Director	4	3

v. Audit Committee met 4 times during the year and the dates of such Meetings are: 30.05.2018, 09.08.2018, 14.11.2018 and 14.02.2019.

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. Dipankar Dasgupta, 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 2018-19	
			Held	Attended
Mr. Y. Ravinder Reddy	Chairperson	Independent Director	4	4
Ms. Sadhana Bhansali	Member	Independent Director	4	2
Mr. Dipankar Dasgupta	Member	Independent Director	4	3

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:

- a. attract, recruit, and retain good and exceptional talent;
- b. list down the criteria for determining the qualifications, positive attributes, and independence of the Directors of the Company;
- c. 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;
- d. motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;
- e. ensure a transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in the Board; and
- f. 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 Directors:

The Company has not made any payments to the Non-Executive 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 thereof.

a) Details of Sitting Fees paid to Non-Executive Directors during the financial year 2018-2019

Name of the Director	Fee Paid During the Year ₹
Mr. Y. Ravinder Reddy (Chairman)	21,000
Ms. Sadhana Bhansali	12,000
Mr. Dipankar Dasgupta	12,000

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	Commi- ssion	Service Contracts	Notice Period
Mr. Arihant Baid Managing Director	2,850,000	28,800	7,500	—	—	Appointed for a period of 3 years w.e.f. May 18, 2018	As per the Rules of the Company
Mr. T.M. Gopalakrishnan Whole Time Director	1,800,000	1,303,550	24,300	—	—	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	Chairman
Mr. T.M. Gopalakrishnan	Member
Ms. Sadhana Bhansali	Member
Mr. Dipankar Dasgupta	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

Number of Shareholders complaints received so far:

Complaints received and redressed during the year 2018-2019

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 2018-19	
			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	2
Mr. Dipankar Dasgupta	Member	Independent Director	4	3

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 14.02.2019.

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
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
2016	30.09.2016	11.00 a.m.	Sy. No. 133, IDA Bollaram, Jinnaram Mandal Sangareddy Dist - 502 325

- Special Resolutions passed during the previous three Annual General Meetings:
 - i. 33rd Annual General Meeting - August 9, 2018: Two
 - ii. 32nd Annual General Meeting – September 28, 2017 : Nil
 - iii. 31st Annual General Meeting – September 30, 2016 : Nil
 - a. 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
 - b. 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 2018-2019.
 - 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. 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, 2019 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, 2019 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. 124,456,370 Equity Shares representing 98.38% of the Paid up Equity Capital have been dematerialized as on March 31, 2019.



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 Friday, September 27, 2019
Time 12.30 pm
Venue Sy. No. 133, Bollaram, Jinnaram Mandal,
Sangareddy District – 502 325, Telangana
Book Closure Date 23.09.2019 to 27.09.2019 (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 2019-2020 (Tentative)

Financial Year Ending	31.03.2020
Quarter ending on June 30, 2019	on 14.08.2019
Quarter ending on September 30, 2019	on or before 14.11.2019
Quarter ending on December 31, 2019	on or before 14.02.2020
Quarter ending on March 31, 2019 & Annual Results of 2019-2020	on or before 30.05.2020

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 to be paid for the year 2019-20 to the BSE Ltd, Mumbai

h. Stock Code

BSE Ltd, Mumbai - 531739



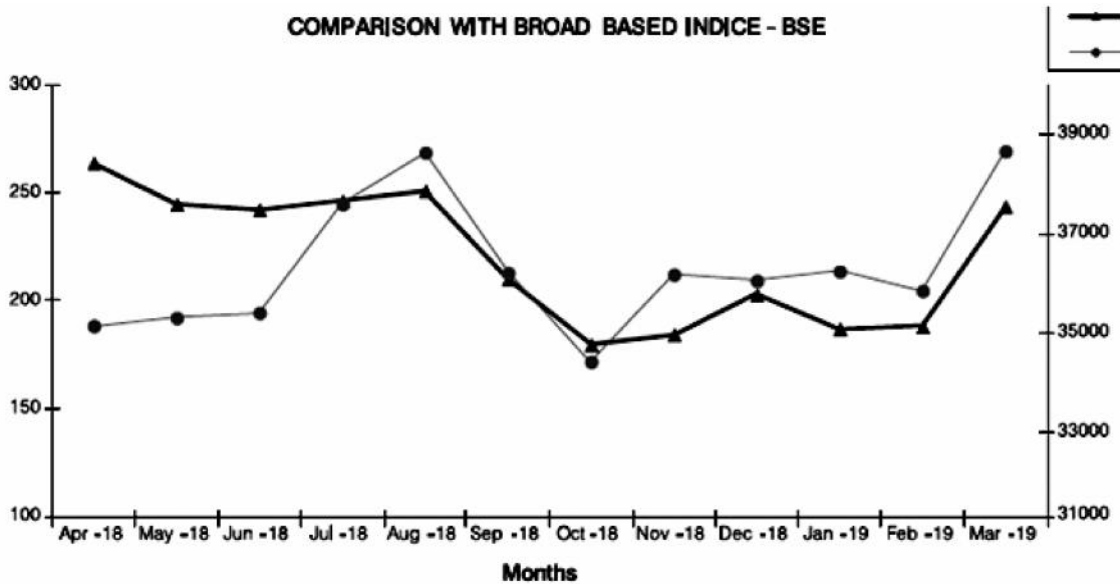
i. Stock Price Data

Monthly high and low price of shares traded on Bombay Stock Exchange during the year from 01.04.2018 to 31.03.2019 is given below:

Amount in ₹

Month	High Price	Low Price
1 Apr-18	4.75	3.72
2 May-18	4.30	3.25
3 Jun-18	4.38	2.71
4 Jul-18	4.38	3.35
5 Aug-18	5.60	3.70
6 Sep-18	4.24	3.41
7 Oct-18	4.19	3.50
8 Nov-18	4.20	3.52
9 Dec-18	4.00	3.55
10 Jan-19	3.85	2.80
11 Feb-19	3.90	2.35
12 Mar-19	4.66	2.92

j. Performance in comparison to broad-based indices such as BSE Sensex MODEL GRAPH



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, 2019

Range in No. of Shares	Range in Value of Shares	No. of Shareholders	% of Total	No. of Shares	% to Total
01 – 500	01 – 5000	4110	29.707%	962645	0.76%
501 – 1000	5010 – 10000	4527	32.721%	4345424	3.44%
1001 – 2000	10001 – 20000	1582	11.435%	2711966	2.14%
2001 – 3000	20001 – 30000	792	5.725%	2127809	1.68%
3001 – 4000	30001 – 40000	431	3.115%	1599883	1.26%
4001 – 5000	40001 – 50000	609	4.402%	2978362	2.36%
5001 – 10000	50001 – 100000	883	6.382%	7128242	5.63%
10001 – 50000	100001 – 500000	733	5.298%	16540022	13.07%
50001 – 100000	500001 – 1000000	89	0.643%	6321040	5.00%
100001 and Above	1000001 and Above	79	0.571%	81787607	64.65%
GRAND	TOTAL	13835	100.00%	126503000	100.00%

n. Outstanding GDRS/ADRS/Warrants or any convertible instruments, conversion date and likely impact on equity.

There were no such outstanding instruments as on March 31, 2019

o. Dematerialization of Shares:

98.38% of Shares issued by the company have been dematerialized as on 31.03.2018. 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', 3rd 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.

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

The Company presentations made to the investors/ analysts are placed on the Company's website: 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.



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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 31st March 2019, as stipulated in Chapter IV of SEBI (listing Obligations and Disclosure Requirements) Regulations 2015

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our Examination has been limited to review of the procedure and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

No Investor grievance(s) 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 management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable. Except the following

- i. Appointment of fulltime Company Secretary as required under the provisions of 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 : August 24, 2019



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 : August 24, 2019

Arihant Baid	Laxmipat Baid
Managing Director	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.

Arihant Baid
Managing Director

Place: Hyderabad
Date: August 24, 2019

**BALANCE SHEET AS AT MARCH 31, 2019**

	Note No.	As at March 31, 2019 ₹	As at March 31, 2018 ₹
ASSETS			
1. Non-Current Assets			
Property, Plant and Equipment	3	156,381,192	155,813,309
Capital work-in-progress		—	—
Investment property		—	—
Goodwill		—	—
Financial Assets			
Investments in Associate	4	70,000,000	70,000,000
Other Investment	4	100,000	100,000
Loans, non-current		—	—
Other non-current financial assets			
Deferred Tax Assets (Net)		—	—
Other non-current assets	5	2,224,415	2,221,494
Total non-current assets		228,705,607	228,134,803
2. Current Assets			
Inventories	6	53,271,050	23,386,404
Financial Assets			
Trade receivables, Current	7	103,977,482	104,591,142
Cash and Cash Equivalents	8	1,950,830	565,357
Bank Balance other than Cash & Cash Equivalents		29,514,129	9,617,296
Other Current Assets	9	101,432,241	138,195,213
Total Current Financial Assets		290,145,732	276,355,412
Current tax assets (Net)		—	—
Other Current Assets	10	279,435	264,220
Total Current Assets		290,425,167	276,619,632
Total Assets		519,130,774	504,754,435
EQUITY AND LIABILITIES			
1. Equity			
Equity Share Capital	11	126,503,000	126,503,000
Other Equity	12	213,474,303	191,266,775
Total Equity		339,977,303	317,769,775
Non-Current Liabilities			
Financial Liabilities			
Borrowings	13	—	3,485,562
Others	14	549,333	826,878
Provisions		—	—
Deferred Tax Liabilities (Net)	15	5,601,086	6,051,921
Other Non-Current Liabilities		—	—
Total Non-Current Liabilities		6,150,419	10,364,361
2. Current Liabilities			
Financial Liabilities			
Borrowings	16	45,387,053	21,216,236
Trade Payables	17	81,543,720	121,644,060
Others	18	31,507,833	29,216,484
Total Current Financial Liabilities		158,438,606	172,076,780
Other Current Liabilities		—	—
Provisions	19	1,711,493	1,128,939
Current Tax Liabilities (Net)	20	12,852,953	3,414,580
Total Current Liabilities		14,564,446	4,543,519
TOTAL EQUITY AND LIABILITIES		519,130,774	504,754,435

Significant Accounting Policies and Notes on Financial Statements 1 to 45

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
Place: Hyderabad
Date : May 30, 2019

For and on behalf of the Board of Directors

Arihant Baid
Managing Director

Laxmipat Baid
Chief Financial Officer

T.M. Gopalakrishnan
Whole Time Director

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019**

	Note No.	Year Ended March 31, 2019 ₹	Year Ended March 31, 2018 ₹
I Income			
Revenue from Operations	21	599,599,601	472,727,076
Less: Excise/ GST		41,572,789	34,939,234
		558,026,812	437,787,841
II Other Income	22	7,825,059	9,035,819
III Total Income (I + II)		565,851,871	446,823,660
IV Expenses:			
Cost of Raw Material Consumed	23	346,805,459	256,771,921
Purchase of Stock-in-trade		4,052,204	3,000,989
Change in Inventories of Finished Goods, Stock in Trade and Work in Progress	24	(23,882,149)	7,542,075
Employee Benefits Expenses	25	61,219,500	55,457,208
Finance Costs	26	7,937,827	7,311,380
Depreciation Expense	3	9,847,416	9,218,449
Other Expenses	27	129,599,701	93,088,364
Total Expenses		535,579,958	432,390,386
V Profit/(Loss) before Exceptional Items & Tax (I-IV)		30,271,913	14,433,274
VI Exceptional Items	28	—	(100,000)
VII Profit before Tax		30,271,913	14,533,274
VIII Tax Expense			
Tax for earlier year		(15,220)	(6,112,529)
Current Tax		(8,500,000)	(3,500,000)
Deffered Tax		450,835	3,436,920
IX Profit/ (Loss) for the period from continuing operations (VII-VIII)		22,207,528	8,357,665
X Profit / (Loss) for the period from discontinued operations		—	—
XI Tax Expenses of discontinued operations		—	—
XII Profit / (Loss) for the period from discontinued operations		—	—
XIII Profit / (Loss) for the period (IX+XII)		22,207,528	8,357,665
XIV Other Comprehensive Income			
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		—	—
XV Total comprehensive Income for the period (XII+XIV)			
Comprising Profit / (Loss) and Other Comprehensive Income for the Period		22,207,528	8,357,665
XVI Earning per Equity Share for continuing operation in ₹ (Face value per share ₹ 1 each):			
1. Basic	29	0.176	0.066
2. Diluted		0.176	0.066
XVII Earning per Equity Share for discontinuing operation:			
1. Basic		—	—
2. Diluted		—	—
XVIII Earning per Equity Share (for continuing & discontinued operations)			
1. Basic		0.176	0.066
2. Diluted		0.176	0.066

Significant Accounting Policies and Notes on Financial Statements 1 to 45

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
Place: Hyderabad
Date : May 30, 2019

For and on behalf of the Board of Directors
Arihant Baid
Managing Director

Laxmipat Baid
Chief Financial Officer

T.M. Gopalakrishnan
Whole Time Director



Gennex Laboratories Limited

	31.03.2019 (₹ in Lacs)	31.03.2018 (₹ in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	302.72	145.33
Adjustment for:		
Depreciation and amoratisation expense	98.47	92.18
Finance Cost	79.38	73.11
Interest Income	-4.72	-8.50
(Gain)/loss on sale of asset	0.00	-1.00
Operating Profit before working capital changes	475.85	301.12
Adjustment for:		
Trade payables and other liability	-327.92	219.48
Trade receivables	6.14	-16.36
Inventories	-298.85	55.18
Financial and other Assets	367.48	-142.41
Cash generated from operations	222.70	417.01
Adjustments for:		
Income Taxes paid	-35.15	-101.13
Net Cash from operating activities	187.55	315.88
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property,plant and equipment	-104.15	-76.20
Sale of property,plant and equipment	0.00	1.00
Interest Income	4.72	8.50
Net Cash used in Investing activities	-99.43	-66.70
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	0.00	39.63
Changes in Long Term Borrowings	-37.63	-7.13
Changes in Short Term Borrowings (Net)	241.71	-169.69
Interest Paid	-79.38	-73.11
Net Cash from Financing activities	124.70	-210.30
Net Increase / (Decrease) in Cash and Cash equivalent (A+B+C)	212.82	38.88
Cash and Cash Equivalents as at the beginning of the year	101.83	62.95
Cash and Cash Equivalents as at the end of the year	314.65	101.83

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
Place: Hyderabad
Date : May 30, 2019

For and on behalf of the Board of Directors
Arihant Baid
Managing Director

Laxmipat Baid
Chief Financial Officer

T.M. Gopalakrishnan
Whole Time Director



Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

Notes	Number of shares	Amount
As at 1 April 2017	126,503,000	126,503,000
Changes in equity share capital		
As at 31 March 2018	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 (specify nature)	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
Balance at the beginning of the reporting period 2017			725000	6000000	722892	81392968						153865860
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					27043250							27043250
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 2017			725000	6000000	722892	108493218						182909110
Balance at the beginning of the reporting period 2018			725000	6000000	722892	108493218	0	0	0	0	0	182909110
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				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	7250000	6000000	7222892	116793883							191266775
Balance at the beginning of the reporting period 2019	-	7250000	6000000	7222892	116793883	0	0	0	0	0	191266775
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				22207528							22207528
Dividends											0
Transfer to retained earnings											0
Investment Subsidy				0							0
Any Other Change				0							0
Balance at the end of the reporting period 2019	7250000	6000000	7222892	13001411							213474303

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.



NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2019

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, 2019 were authorized and approved for issue by the Board of Directors on May 30, 2019.

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 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, 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 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 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 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.

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 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.



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 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.

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 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 (₹), 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.

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 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 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 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.

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

	Land	Factory Buildings	Plant and Equipments (d)	Furniture and Fixtures	Vehicles	Capital work in Progress	Total
	₹	₹	₹	₹	₹	₹	₹
Gross carrying amount							
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	-	3,283,977	5,759,878	896,502	-	-	9,940,357
Disposals / deductions	-	-	624,000	-	-	2,319,990	2,943,990
Transfer to assets classified as held for sale	-	-	-	-	-	-	-
As at 31st March 2018	84,181,540	20,262,255	142,878,514	28,371,559	13,572,142	-	289,266,010
Additions	-	-	8,907,690	1,507,609	-	-	10,415,299
Disposals / deductions	-	-	-	-	-	-	-
Transfer to assets classified as held for sale	-	-	-	-	-	-	-
As at 31st March 2019	84,181,540	20,262,255	151,786,204	29,879,168	13,572,142	-	299,681,309
Accumulated depreciation							
As at 1st April 2017	-	9,386,325	87,870,485	20,921,444	6,679,998	-	124,858,252
Charge for the year	-	549,740	5,508,986	1,804,988	1,354,735	-	9,218,449
Disposals / deductions	-	-	624,000	-	-	-	624,000
As at 31st March 2018	-	9,936,065	92,755,471	22,726,432	8,034,733	-	133,452,701
Charge for the year	-	601,427	5,957,115	1,950,759	1,338,115	-	9,847,416
Disposals / deductions	-	-	-	-	-	-	-
As at 31st March 2019	-	10,537,492	98,712,586	24,677,191	9,372,848	-	143,300,117
Net carrying amount							
As at 31st March 2018	84,181,540	10,326,190	50,123,043	5,645,127	5,537,409	-	155,813,309
As at 31st March 2019	84,181,540	9,724,763	53,073,618	5,201,977	4,199,294	-	156,381,192

**Gennex Laboratories Limited**

	As at March 31, 2019 ₹	As at March 31, 2018 ₹
4 FINANCIAL ASSETS		
Unquoted		
a. Investment in Associates		
5500000 Equity Shares of ₹10 each fully paid up in Deccan Remedies Limited	70,000,000	70,000,000
b. Other Investments		
1000 Equity Shares of ₹100 each fully paid up in Progressive Effluent Treatment Limited	100,000	100,000
Total	<u>70,100,000</u>	<u>70,100,000</u>
5 OTHER NON-CURRENT ASSETS		
Security Deposit	2,203,697	2,203,697
Prepaid Expenses	20,718	17,797
Total	<u>2,224,415</u>	<u>2,221,494</u>
6 INVENTORIES (As valued and certified by Management)		
Valued at lower of cost and net realisable value		
i. Stores & Spares	1,797,255	1,043,019
ii. Packing Material	525,900	540,382
iii. Coal & Diesel	251,968	166,242
iv. Raw Materials	15,271,112	10,094,095
v. Finished Goods	17,964,943	2,654,347
vi. Work-in-process	17,459,872	8,888,319
Total	<u>53,271,050</u>	<u>23,386,404</u>
7 TRADE RECEIVABLES		
Trade Receivables	103,977,482	104,591,142
Receivable from Related Parties	—	—
Less: Loss Allowance	—	—
Total Receivable	103,977,482	104,591,142
Current portion	97,660,189	97,600,573
Non-current portion	6,317,293	6,990,569
Break-up of security details		
Trade receivables considered good - secured	—	—
Trade receivables considered good - unsecured	103,977,482	104,591,142
Trade receivables - which have significant increase in credit risk	—	—
Trade receivables - credit impaired	—	—
Total	<u>103,977,482</u>	<u>104,591,142</u>
Less: Loss Allowance	—	—
Total trade receivables	<u>103,977,482</u>	<u>104,591,142</u>
a. Trade receivables are non-interest bearing and are generally on terms of up to 90 days		



	As at March 31, 2019 ₹	As at March 31, 2018 ₹
8 CASH AND CASH EQUIVALENTS		
a. Cash on hand	1,950,830	565,357
b. Balances with Banks		
i. In Current Accounts	460,424	609,574
ii. In Deposit Accounts (Margin Money against LCs/BG)	29,053,705	9,007,722
iii. Cheques in hand	—	—
Total	<u>31,464,959</u>	<u>10,182,653</u>
9 OTHER FINANCIAL ASSETS - SHORT TERM LOANS & ADVANCES Particulars (Unsecured, considered good, recoverable in cash or in kind for value to be received)		
a. Loans and advances to related parties Unsecured, considered good	—	—
b. Loans and advances to employees Unsecured, considered good	23,829,932	22,729,469
c. Prepaid Expenses Unsecured, considered good	1,436,969	603,402
d. Balances with Government Authorities Unsecured, considered good		
i. GST credit receivable	8,936,738	14,225,224
ii. Balances with Central Excise Dept	24,833	24,833
iii. VAT credit receivable	10,429,112	10,429,112
iv. MEIS claim receivable	3,851,214	5,592,499
e. Advances to Contractors, Suppliers Unsecured, considered good	3,433,742	6,868,644
f. Advances recoverable cash or in kind	49,489,701	77,722,030
Total	<u>101,432,241</u>	<u>138,195,213</u>
10 OTHER CURRENT ASSETS		
Accrued Interest	279,435	264,220
Total	<u>279,435</u>	<u>264,220</u>

**Gennex Laboratories Limited**

	As at March 31, 2019 ₹	As at March 31, 2018 ₹
11 EQUITY		
SHARE CAPITAL		
Authorised Capital		
160,000,000 Equity Shares of ₹1 each (Previous Year 160,000,000 Equity Shares of ₹1 each)	<u>160,000,000</u>	<u>160,000,000</u>
11.1 Issued Shares		
126,503,000 Equity Shares of ₹1 each (Previous Year 126,503,000 Equity Shares of ₹1 each)	<u>126,503,000</u>	<u>126,503,000</u>
Total	<u>126,503,000</u>	<u>126,503,000</u>
11.2 Subscribed and Paid-up Shares		
126,503,000 Equity Shares of ₹1 each (Previous Year 126,503,000 Equity Shares of ₹1 each)	<u>126,503,000</u>	<u>126,503,000</u>
Forfeited Shares (amount originally paid-up)	<u>—</u>	<u>—</u>
Total subscribed and paid-up share capital	<u>126,503,000</u>	<u>126,503,000</u>
11.2.1 a. The reconciliation of the no. of shares outstanding at the beginning and at the end of the year		
At the beginning of the year	<u>126,503,000</u>	<u>126,503,000</u>
Outstanding at the end of the year	<u>126,503,000</u>	<u>126,503,000</u>
b. Terms/rights attached to equity shares		
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 ensuing 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.		
11.2.2 The details of share holders holding more than 5% shares:		
Premier Fiscal Services (P) Ltd	25,000,000	19.76 *25,000,000 19.76
12 OTHER EQUITY		
Share Premium	<u>60,000,000</u>	<u>60,000,000</u>
Investment Subsidy	<u>2,000,000</u>	<u>2,000,000</u>
General Reserve	<u>7,222,892</u>	<u>7,222,892</u>
Capital Reserve (Forfeit of warrant)	<u>7,250,000</u>	<u>7,250,000</u>
Retained Profit on Fixed Assets net of defer tax	<u>(1,407,367)</u>	<u>(1,407,367)</u>
Balance in Profit & Loss		
Balance at the beginning of the year	<u>116,201,250</u>	<u>107,843,585</u>
Add: Profit for the year	<u>22,207,528</u>	<u>8,357,665</u>
Balance at the Closing of the year	<u>138,408,778</u>	<u>116,201,250</u>
Total	<u>213,474,303</u>	<u>191,266,775</u>



	As at March 31, 2019 ₹	As at March 31, 2018 ₹
BORROWINGS		
13 NON-CURRENT LONG TERM		
(Secured against the hypothecated assets procured out of Loan)		
Banks		
Axis Bank Ltd. - Term Loan	—	3,170,400
ICICI Bank Ltd.	—	315,162
Total	<u>—</u>	<u>3,485,562</u>
14 OTHERS		
Unsecured Sales Tax Deferment (Govt.)	549,333	826,878
Total	<u>549,333</u>	<u>826,878</u>
14.1 Sales Tax deferment availed till the current account period is due for repayment after 12 months from Balance Sheet as under:		
Year of Repayment		
2019-20	277,545	
2020-21	394,431	394,431
2021-22	154,902	154,902
Total	<u>549,333</u>	<u>826,878</u>
15 DEFERRED TAX (LIABILITY)/ASSETS		
a. Diff. between Book & Tax Depreciation (Liability)	8,316,659	8,526,658
b. Others	(2,715,573)	(2,474,737)
Total	<u>5,601,086</u>	<u>6,051,921</u>
Net Deferred Tax Liability/(Assets)	<u>5,601,086</u>	<u>6,051,921</u>

**Gennex Laboratories Limited**

	As at March 31, 2019 ₹	As at March 31, 2018 ₹
16 CURRENT BORROWINGS		
a. Secured		
From Banks - Secured		
State Bank of India - C/C A/C	876,589	19,872,253
State Bank of India - IUBD A/C	1,080,000	
Axis Bank Ltd.		40,717,063
(The due to State Bank of India - 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)		
State Bank of India - Term Loan - Secured against (Exclusive First charge on Fixed Assets of the Company)	—	804,297
Axis Bank Ltd. - Term Loan (Secured against Exclusive First Charge on Fixed Assets of the Company)	2,398,239	—
Loan - Secured (Secured against the hypothecated assets procured out of Loan)		
HDFC Bank Ltd.	—	94,204
ICICI Bank Ltd.	315,162	445,482
Total	<u>45,387,053</u>	<u>21,216,236</u>
17 TRADE PAYABLES		
Trade Payable	81,543,720	121,644,060
Total	<u>81,543,720</u>	<u>121,644,060</u>
17.1 Dues to Micro, Small and Medium enterprises have been determined to be ₹ -Nil- to the extent such parties have been identified on the basis of information available with the company.		
17.2 Trade payables are non-interest bearing and normally settled within 90 days term.		
18 OTHER CURRENT LIABILITIES		
Creditors for Capital Goods	2,445,381	1,945,700
Advances from Customers	4,237,870	555,317
Other Liabilities	24,547,037	26,541,260
Sales Tax Deferrment (Govt.)	277,545	174,207
Total	<u>31,507,833</u>	<u>29,216,484</u>
18.1 Other liabilities consist of PF, ESI, Service Tax, TDS, GST and TCS payable etc.		
19 PROVISIONS		
Provision for Leave Encashment	1,711,493	1,128,939
Total	<u>1,711,493</u>	<u>1,128,939</u>
20 CURRENT TAX LIABILITIES		
Current Tax Liabilities (Net)	12,852,953	3,414,580
Total	<u>12,852,953</u>	<u>3,414,580</u>



	Year ended March 31, 2019 ₹	Year ended March 31, 2018 ₹
21 REVENUE FROM OPERATION		
Sale of Products	599,298,057	471,839,820
Other Operating Revenues	301,544	887,255
	599,599,601	472,727,075
Less: GST	41,572,789	34,939,234
Net Revenue from Operation	558,026,812	437,787,841
22 OTHER INCOME		
Interest Income (TDS ₹47,223; Previous Year ₹85,420)	471,949	850,074
Insurance Claim Received	—	422,171
Miscellaneous Income	—	1,994
MEIS Benefit	5,346,127	5,592,499
Sundry balances written back	—	575,931
Exchange Rate Fluctuation	149,619	—
Duty Draw Back	1,857,364	1,593,150
Total	7,825,059	9,035,819
23 COST OF RAW MATERIAL CONSUMED		
Opening Stocks	10,094,095	8,581,807
Add: Purchases	351,982,476	258,284,209
Total	362,076,571	266,866,016
Less: Closing Stocks	15,271,112	10,094,095
Cost of Raw Material Consumed	346,805,459	256,771,921
24 CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE & WORK IN PROGRESS		
Opening Stocks		
Work in Progress	8,888,319	12,282,243
Finished Goods	2,654,347	6,802,497
Total	11,542,666	19,084,740
Closing Stocks		
Work in Progress	17,459,872	8,888,319
Finished Goods	17,964,943	2,654,346
Total	35,424,815	11,542,665
Changes in Stock	(23,882,149)	7,542,075
25 EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	54,288,692	46,187,937
Contributions to Provident and other funds	3,118,500	2,564,157
Gratuity	395,003	3,511,688
Staff Welfare expenses	3,417,305	3,193,426
Total	61,219,500	55,457,208

**Gennex Laboratories Limited**

	Year ended March 31, 2019	Year ended March 31, 2018
	₹	₹
26 FINANCE COST		
Interest and Finance Charges	7,937,827	7,311,380
Interest expenses on Income tax	—	—
Other borrowing costs	—	—
Total	<u>7,937,827</u>	<u>7,311,380</u>
27 OTHER EXPENSES		
Pollution Expenses	10,853,322	9,263,351
Consultancy & Legal Expenses	4,598,745	3,140,092
Rent & Facilities	2,260,487	1,972,775
Electricity Charges	775,192	716,818
Security Charges	819,072	751,138
Printing & Stationery	1,056,070	1,150,451
Communication Expenses	1,164,138	1,468,770
Insurance	1,437,396	888,729
Travelling & Conveyance Exp.	7,481,210	5,302,176
Selling Expenses	6,853,413	4,471,752
Carriage Outwards	15,297,974	10,359,402
Auditors' Remuneration:		
i. Audit Fees	137,400	137,400
ii. Tax Audit Fees	34,350	34,350
iii. Certification & Other	143,000	120,000
iv. Audit Fees - Branch	<u>11,000</u>	<u>11,000</u>
	325,750	302,750
Vehicle Maintenance	532,146	294,173
Sales Tax	480,029	42,098
Exchange Rate Fluctuation	—	762,470
Miscellaneous Expenses	6,086,017	4,946,918
Sundry Balances Written Off (Net)	839,881	—
Stores, Spares & Others	8,879,957	8,419,515
Packing Material	12,194,464	9,005,052
Power & Fuels	27,705,839	21,844,406
Repairs & Maintenance - Buildings	1,702,335	659,767
Repairs & Maintenance - Plant & Machinery	2,433,827	1,318,002
Repairs & Maintenance - Others	716,349	546,439
Job Work Charges	15,106,088	5,461,320
Total	<u>129,599,701</u>	<u>93,088,364</u>



	Year ended March 31, 2019 ₹	Year ended March 31, 2018 ₹
28 EXCEPTIONAL ITEMS		
Profit/Loss on Sale of Fixed Assets	—	(100,000)
29 EARNING PER SHARE		
Net Profit the basic EPS	22,207,528	8,357,665
Weighted Average No. of Shares	126,503,000	126,503,000
Annualized Basic Earning per share	0.176	0.066
30 CONTINGENT LIABILITY		
i. Income-tax where appeals/petitions are pending with Various Authorities	*45.58	*57.76
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	High Court
2	CST	Sales Tax	14.57	2007-08	Appellate DC(CT)
	Total		111.04		
				Assmt year	
3	Income Tax	Income Tax	8.22	2001-02	Appellate Authority
		Income Tax	37.36	2002-03	Appellate Authority
	Total		45.58		

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.

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

	Year ended March 31, 2019 ₹	Year ended March 31, 2018 ₹
A. C.I.F. value of imports by the Company (Excluding imported items purchased locally)		
Raw Materials	73,264,071	20,473,189
Fixed Assets	—	5,247,719
B. Expenditure in foreign currency during the year:		
a. Foreign Travel Expenses	1,979,002	459,153
b. Sales Commission	3,731,101	922,689
c. Bank Charges	1,110,070	502,362
d. Business Promotion Charges	1,225,444	—

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

Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2019
	₹	%
Imported		
Raw Material	68,132,682	20%
	(18,660,490)	7%
Indigenous		
Raw material	278,672,777	80%
	(238,111,431)	93%
Stores, Spares Parts & Components	12,194,464	100%
	(8,419,515)	100%
Total	358,999,923	
	(265,191,436)	

Note: Figures/percentages in brackets relates to the previous year.

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	Segment Assets
	Year ended	As at
	March 31, 2019	March 31, 2019
Germany	79.04	-
	(47.62)	(-)
Egypt	465.07	39.95
	(301.00)	(44.39)
Iran	195.80	52.70
	(89.35)	(39.00)
Peru	223.88	23.38
	(133.10)	(-)
Bangladesh	-	-
	(208.01)	(44.68)
Spain	207.69	4.65
	(0.01)	(-)
Guatemala City	267.31	43.59
	(183.26)	(27.64)
South Korea	329.23	104.79
	(-)	(-)
Vietnam	386.44	-
	(145.54)	(-)
Export Others	312.14	18.59
	(162.51)	(50.91)
India	3113.67	752.13
	(3107.48)	(839.29)

Note: Figures in brackets relates to the previous year.



Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2018
	₹	₹
E. Earning in Foreign Currency on F.O.B. basis Export of Goods	234,778,001	117,576,336

32. 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 (Non-executive Director)
 Ms. Sadhana Bhansali (Non-executive Director)
 Mr. Dipankar Das Gupta (Non-executive Director) (ceased w.e.f. 12.04.2019)
 Mr. L P Baid (Chief Financial Officer)

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)

32.1 Remuneration of Key Personnel/Directors

	Name & Relationship	Nature of Transaction	Year ended	Amount (₹)
1	Mr. Arihant Baid Managing Director	Remuneration	31.03.2019 31.03.2018	2,857,500 2,400,000
2	Mr. T.M. Gopalakrishnan Whole-Time Director	Remuneration	31.03.2019 31.03.2018	3,127,859 2,216,800



33. EMPLOYEES BENEFITS:

33.1 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.

33.2 Defined Contribution Plan:

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

Employer's Contribution to Provident/Pension Fund - ₹17,52,773

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 ₹17,11,493 towards Leave encashment based on actuarial valuation.

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

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

36. 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 March 31, 2019*	As at March 31, 2018
Payables:		
Not later than one year	21.67	16.96
Later than one year but not later than 3 years	3.68	21.81
Later than 3 years	0.00	0.00

* The above figures are given without discounting at present value

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

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

39. 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, 2019.

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

Per our report attached
For **PPKG & Co.,**
Chartered Accountants
Firm Regn. No. 009655S
Giridhari Lal Toshniwal
Partner
Membership No. 205140
Place: Hyderabad
Date: May 30, 2019

For and on behalf of the Board of Directors
Arihant Baid
Managing Director
Laxmipat Baid
Chief Financial Officer
T.M. Gopalakrishnan
Whole Time Director



41. Income tax

	March 31, 2019	₹ in Lakhs March 31, 2018
Tax expense/(credit) comprises of:		
Current income tax	85.00	35.00
Deferred tax	-4.51	-34.37
Income tax expense reported in the statement of profit or loss	80.49	0.63
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, 2018: 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	302.72	145.33
Tax at the Indian tax rate (27.82%) (March 31, 2018: 27.82%)	84.22	40.43
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)	4.51	34.37
Effect of change in tax laws and rate in jurisdictions outside India	—	—
Other Adjustments	-0.78	5.43
Income tax expense	80.49	0.63

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 2018-19 and FY 2017-18.

	March 31, 2019	₹ in Lakhs March 31, 2018
Particulars		
Borrowings	453.87	247.02
Trade Payables	815.44	1216.44
Less: Cash & Cash Equivalents	314.65	101.83
Net Debt	954.66	1361.63
Equity Capital	3381.52	3176.75
Equity Capital and Net Debt	4336.18	4538.38
Gearing Ratio	22%	30%

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2018.

**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	Carrying Values		Fair Values	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
₹ in Lakhs				
Financial Assets				
Investments	682.75	700.05	682.75	700.05
Other financial assets	22.04	22.04	22.04	22.04
Tax Assets (Net)	-	-	-	-
Trade Receivables	1,039.77	1,045.91	1,039.77	1,045.91
Cash and Cash Equivalents	19.51	5.65	19.51	5.65
Bank balances other than cash and cash equivalents	295.14	96.17	295.14	96.17
Other financial assets	238.30	227.29	238.30	227.29
Total	2,297.51	2,097.12	2,297.51	2,097.12
Financial Liabilities				
Non-current Borrowings	-	34.86	-	34.86
Other non-current financial Liabilities	-	-	-	-
Current Borrowings	453.87	212.16	453.87	212.16
Trade Payables	815.44	1,216.44	815.44	1,216.44
Other current financial Liabilities	-	-	-	-
Total	1,269.31	1,463.46	1,269.31	1,463.46

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.



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)
Fair value of financial assets disclosed:					
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	238.30	-	238.30	-
Total		2,297.51	-	2,297.51	-

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	-	-	-	-
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	-	-	-	-
Total		1,269.31	-	1,269.31	-

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



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, 2018:

₹ in Lakhs

Particulars	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair value of financial assets disclosed					
Investments	31-Mar-18	700.05	-	700.05	-
Other financial assets	31-Mar-18	22.04	-	22.04	-
Tax Assets (Net)	31-Mar-18	-	-	-	-
Trade Receivables	31-Mar-18	1,045.91	-	1,045.91	-
Cash and Cash Equivalents	31-Mar-18	5.65	-	5.65	-
Bank balances other than cash and cash equivalents	31-Mar-18	96.17	-	96.17	-
Other financial assets	31-Mar-18	227.29	-	227.29	-
Total		2,097.12	-	2,097.12	-

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, 2018:

Fair value of financial liabilities disclosed

Non-current Borrowings	31-Mar-18	34.86	-	34.86	-
Other non-current financial Liabilities	31-Mar-18	-	-	-	-
Current Borrowings	31-Mar-18	212.16	-	212.16	-
Trade Payables	31-Mar-18	1,216.44	-	1,216.44	-
Other current financial Liabilities	31-Mar-18	-	-	-	-
Total		1,463.46	-	1,463.46	-

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



45. 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, 2019 and March 31, 2018.

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, 2019 and March 31, 2018.

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/ (decrease) in Interest Rate	Increase/ (decrease) in Profit before tax
March 31, 2019		
INR	0.5% p.a.	-1.49
INR	(0.5%) p.a.	1.49
March 31, 2018		
INR	0.5% p.a.	-1.13
INR	(0.5)% p.a.	1.13



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 creditworthy 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.



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, 2019, 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, 2019, 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 Financial Assets, Other Non-Current Assets, Non Current Liabilities and Current Liabilities 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
Carrying value of Investment in Associate entity. 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.
Pending Land registration	Discussion with the management on the development in these litigations during year ended March 31, 2019 Review of the disclosures made by the company in the financial statements in this regard. 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.



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. 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.
17. 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.
18. 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, 2019 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, 2019 in conjunction with our audit of the consolidated 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, 2019;
 - 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, 2019;
 - 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, 2019; and the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from November 8, 2016 to December 30, 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.

For **PPKG & Co.,**
Chartered Accountants
Firm Regn. No. 009655S
Giridhari Lal Toshniwal
Partner
Membership No. 205140

Place: Hyderabad
Date: 30.05.2019



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, 2019

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 ₹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 provision of sec 148(1) are now applicable and the Cost Audit for the year 2018-19 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 Laacs) (Disputed)	Period to which the amount relates to	From where the dispute is pending
1	CST	Sales Tax	96.47	2001-02	High Court
2	CST	Sales Tax	14.57	2007-08	Appellate DC(CT)
	Total		111.04		
				Assmt year	
3	Income Tax	Income Tax	8.22	2001-02	Appellate Authority
		Income Tax	37.36	2002-03	Appellate Authority
	Total		45.58		

- viii. 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
Membership No. 205140

Place: Hyderabad
Date: 30.05.2019



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, 2019

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')

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, 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. 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

3. 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.
4. 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.
5. 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

6. 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

7. 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.

Opinion

8. 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 March 31, 2019, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Giridhari Lal Toshniwal
Partner
Membership No. 205140

Place: Hyderabad
Date: 30.05.2019

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019**

	Note No.	As at March 31, 2019 ₹	As at March 31, 2018 ₹
ASSETS			
1. Non-Current Assets			
Property, Plant and Equipment	3	156,381,192	155,813,309
Capital work-in-progress		—	—
Investment property		—	—
Goodwill		—	—
Financial Assets			
Investments in Associate		68,174,876	69,905,284
Other Investment	4	100,000	100,000
Loans, non-current		—	—
Other non-current financial assets			
Deferred Tax Assets (Net)		—	—
Other non-current assets	5	2,224,415	2,221,494
Total non-current assets		226,880,483	228,040,087
2 Current Assets			
Inventories	6	53,271,050	23,386,404
Financial Assets			
Trade receivables, Current	7	103,977,482	104,591,142
Cash and Cash Equivalents	8	1,950,830	565,357
Bank Balance other than Cash & Cash Equivalents		29,514,129	9,617,296
Other Current Assets	9	101,432,241	138,195,213
Total Current Financial Assets		290,145,732	276,355,412
Current tax assets (Net)		—	—
Other Current Assets	10	279,435	264,220
Total Current Assets		290,425,167	276,619,632
Total Assets		517,305,650	504,659,719
EQUITY AND LIABILITIES			
1 Equity			
Equity Share Capital	11	126,503,000	126,503,000
Other Equity	12	211,649,179	191,172,059
Total Equity		338,152,179	317,675,059
Non-Current Liabilities			
Financial Liabilities			
Borrowings	13	—	3,485,562
Others	14	549,333	826,878
Provisions		—	—
Deferred Tax Liabilities (Net)	15	5,601,086	6,051,921
Other Non-Current Liabilities		—	—
Total Non-Current Liabilities		6,150,419	10,364,361
2 Current Liabilities			
Financial Liabilities			
Borrowings	16	45,387,053	21,216,236
Trade Payables	17	81,543,720	121,644,060
Others	18	31,507,833	29,216,484
Total Current Financial Liabilities		158,438,606	172,076,780
Other Current Liabilities			
Provisions	19	1,711,493	1,128,939
Current Tax Liabilities (Net)	20	12,852,953	3,414,580
Total Current Liabilities		14,564,446	4,543,519
TOTAL EQUITY AND LIABILITIES		517,305,650	504,659,719

Significant Accounting Policies and Notes on Financial Statements 1 to 45

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
Place: Hyderabad
Date : May 30, 2019

For and on behalf of the Board of Directors
Arihant Baid
Managing Director

Laxmipat Baid
Chief Financial Officer

T.M. Gopalakrishnan
Whole Time Director



**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR
ENDED MARCH 31, 2019**

	Note No.	Year Ended March 31, 2019 ₹	Year Ended March 31, 2018 ₹
I Income			
Revenue from Operations	21	599,599,601	472,727,076
Less: Excise/ GST		41,572,789	34,939,234
		558,026,812	437,787,841
II Other Income	22	7,825,059	9,035,819
III Total Income (I + II)		565,851,871	446,823,660
IV Expenses:			
Cost of Raw Material Consumed	23	346,805,459	256,771,921
Purchase of Stock-in-trade		4,052,204	3,000,989
Change in Inventories of Finished Goods, Stock in Trade and Work in Progress	24	(23,882,149)	7,542,075
Employee Benefits Expenses	25	61,219,500	55,457,208
Finance Costs	26	7,937,827	7,311,380
Depreciation Expense	3	9,847,416	9,218,449
Other Expenses	27	129,599,701	93,088,364
Total Expenses		535,579,958	432,390,386
V Profit/(Loss) before Exceptional Items & Tax (I-IV)		30,271,913	14,433,274
VI Exceptional Items	28	—	(100,000)
VII Profit before Tax		30,271,913	14,533,274
VIII Tax Expense			
Tax for earlier year		(15,220)	(6,112,529)
Current Tax		(8,500,000)	(3,500,000)
Deffered Tax		450,835	3,436,920
IX Profit/ (Loss) for the period from continuing operations (VII-VIII)		22,207,528	8,357,665
X Profit / (Loss) for the period from discontinued operations		—	—
XI Tax Expenses of discontinued operations		—	—
XII Profit / (Loss) for the period from discontinued operations		—	—
XIII Profit / (Loss) for the period (IX+XII)		22,207,528	8,357,665
XIV Other Comprehensive Income			
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		—	—
XV Total comprehensive Income for the period (XII+XIV)			
Comprising Profit / (Loss) and Other Comprehensive Income for the Period		22,207,528	8,357,665
XVI Earning per Equity Share for continuing operation in ₹ (Face value per share ₹ 1 each):			
1. Basic	29	0.176	0.066
2. Diluted		0.176	0.066
XVII Earning per Equity Share for discontinuing operation:			
1. Basic		—	—
2. Diluted		—	—
XVIII Earning per Equity Share (for continuing & discontinued operations)			
1. Basic		0.176	0.066
2. Diluted		0.176	0.066

Significant Accounting Policies and Notes on Financial Statements 1 to 45

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
Place: Hyderabad
Date : May 30, 2019

For and on behalf of the Board of Directors
Arihant Baid
Managing Director
Laxmipat Baid
Chief Financial Officer
T.M. Gopalakrishnan
Whole Time Director



	31.03.2019 (₹ in Lacs)	31.03.2018 (₹ in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	302.72	145.33
Adjustment for:		
Depreciation and amoratisation expense	98.47	92.18
Finance Cost	79.38	73.11
Interest Income	-4.72	-8.50
(Gain)/loss on sale of asset	0.00	-1.00
Operating Profit before working capital changes	<u>475.85</u>	<u>301.12</u>
Adjustment for:		
Trade payables and other liability	-327.92	219.48
Trade receivables	6.14	-16.36
Inventories	-298.85	55.18
Financial and other Assets	367.48	-142.41
Cash generated from operations	<u>222.70</u>	<u>417.01</u>
Adjustments for:		
Income Taxes paid	-35.15	-101.13
Net Cash from operating activities	<u>187.55</u>	<u>315.88</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property,plant and equipment	-104.15	-76.20
Sale of property,plant and equipment	0.00	1.00
Interest Income	4.72	8.50
Net Cash used in Investing activities	<u>-99.43</u>	<u>-66.70</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	0.00	39.63
Changes in Long Term Borrowings	-37.63	-7.13
Changes in Short Term Borrowings (Net)	241.71	-169.69
Interest Paid	-79.38	-73.11
Net Cash from Financing activities	<u>124.70</u>	<u>-210.30</u>
Net Increase / (Decrease) in Cash and Cash equivalent (A+B+C)	<u>212.82</u>	<u>38.88</u>
Cash and Cash Equivalents as at the beginning of the year	101.83	62.95
Cash and Cash Equivalents as at the end of the year	314.65	101.83

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
Place: Hyderabad
Date : May 30, 2019

For and on behalf of the Board of Directors
Arihant Baid
Managing Director

Laxmipat Baid
Chief Financial Officer

T.M. Gopalakrishnan
Whole Time Director



Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

Notes	Number of shares	Amount
As at 1 April 2017	126,503,000	126,503,000
Changes in equity share capital		
As at 31 March 2018	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 monney pending allotment	Equity component of financial instrument	Reserves and Securities Premium Reserve (specify nature)	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 the financial statement	Other items of Comprehensive income (Specify nature)	Money Received against Share Capital	Total
Balance at the beginning of the reporting period 2017			725000	6000000	722892	81392968						153865860
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					27043250							27043250
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 2017			725000	6000000	722892	108493218						182909110
Balance at the beginning of the reporting period 2018			725000	6000000	722892	108493218	0	0	0	0	0	182909110
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	Reserve Premium 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 the financial statement	Other items of Comprehensive income (Specify nature)	Money Received against Share Capital	Total
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	7222892	116699167							191172659
Balance at the beginning of the reporting period 2019	-	725000	6000000	7222892	116793883	0	0	0	0	0	191266775
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				20382404							20382404
Dividends											0
Transfer to retained earnings											0
Investment Subsidy				0							0
Any Other Change				0							0
Balance at the end of the reporting period 2019	725000	6000000	7222892	137176287							211649179

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 earning with separate disclosure of such items along with the relevant amounts in the notes.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER
EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2019**

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, 2019 were authorized and approved for issue by the Board of Directors on May 30, 2019.

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, 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 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.



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 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 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 (Rupees or H), 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
	₹	₹	₹	₹	₹	₹	₹
Gross carrying amount							
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	-	3,283,977	5,759,878	896,502	-	-	9,940,357
Disposals / deductions	-	-	624,000	-	-	2,319,990	2,943,990
Transfer to assets classified as held for sale	-	-	-	-	-	-	-
As at 31st March 2018	84,181,540	20,262,255	142,878,514	28,371,559	13,572,142	-	289,266,010
Additions	-	-	8,907,690	1,507,609	-	-	10,415,299
Disposals / deductions	-	-	-	-	-	-	-
Transfer to assets classified as held for sale	-	-	-	-	-	-	-
As at 31st March 2019	84,181,540	20,262,255	151,786,204	29,879,168	13,572,142	-	299,681,309
Accumulated depreciation							
As at 1st April 2017	-	9,386,325	87,870,485	20,921,444	6,679,998	-	124,858,252
Charge for the year	-	549,740	5,508,986	1,804,988	1,354,735	-	9,218,449
Disposals / deductions	-	-	624,000	-	-	-	624,000
As at 31st March 2018	-	9,936,065	92,755,471	22,726,432	8,034,733	-	133,452,701
Charge for the year	-	601,427	5,957,115	1,950,759	1,338,115	-	9,847,416
Disposals / deductions	-	-	-	-	-	-	-
As at 31st March 2019	-	10,537,492	98,712,586	24,677,191	9,372,848	-	143,300,117
Net carrying amount							
As at 31st March 2018	84,181,540	10,326,190	50,123,043	5,645,127	5,537,409	-	155,813,309
As at 31st March 2019	84,181,540	9,724,763	53,073,618	5,201,977	4,199,294	-	156,381,192



	As at March 31, 2019 ₹	As at March 31, 2018 ₹
4 FINANCIAL ASSETS		
Unquoted		
a. Investment in Associates		
5500000 Equity Shares of ₹10 each fully paid up in Deccan Remedies Limited	70,000,000	70,000,000
b. Other Investments		
1000 Equity Shares of ₹100 each fully paid up in Progressive Effluent Treatment Limited	100,000	100,000
Profit/(Loss) from Associate (Deccan Remedies Ltd.)	-1825124	-94716
Total	<u>68,274,876</u>	<u>70,005,284</u>
5 OTHER NON-CURRENT ASSETS		
Security Deposit	2,203,697	2,203,697
Prepaid Expenses	20,718	17,797
Total	<u>2,224,415</u>	<u>2,221,494</u>
6 INVENTORIES (As valued and certified by Management)		
Valued at lower of cost and net realisable value		
i. Stores & Spares	1,797,255	1,043,019
ii. Packing Material	525,900	540,382
iii. Coal & Diesel	251,968	166,242
iv. Raw Materials	15,271,112	10,094,095
v. Finished Goods	17,964,943	2,654,347
vi. Work-in-process	17,459,872	8,888,319
Total	<u>53,271,050</u>	<u>23,386,404</u>
7 TRADE RECEIVABLES		
Trade Receivables	103,977,482	104,591,142
Receivable from Related Parties	—	—
Less: Loss Allowance	—	—
Total Receivable	103,977,482	104,591,142
Current portion	97,660,189	97,600,573
Non-current portion	6,317,293	6,990,569
Break-up of security details		
Trade receivables considered good - secured	—	—
Trade receivables considered good - unsecured	103,977,482	104,591,142
Trade receivables - which have significant increase in credit risk	—	—
Trade receivables - credit impaired	—	—
Total	<u>103,977,482</u>	<u>104,591,142</u>
Less: Loss Allowance	—	—
Total trade receivables	<u>103,977,482</u>	<u>104,591,142</u>
a. Trade receivables are non-interest bearing and are generally on terms of up to 90 days		

**Gennex Laboratories Limited**

	As at March 31, 2019 ₹	As at March 31, 2018 ₹
8 CASH AND CASH EQUIVALENTS		
a. Cash on hand	1,950,830	565,357
b. Balances with Banks		
i. In Current Accounts	460,424	609,574
ii. In Deposit Accounts (Margin Money against LCs/BG)	29,053,705	9,007,722
iii. Cheques in hand	—	—
Total	<u>31,464,959</u>	<u>10,182,653</u>
9 OTHER FINANCIAL ASSETS - SHORT TERM LOANS & ADVANCES Particulars (Unsecured, considered good, recoverable in cash or in kind for value to be received)		
a. Loans and advances to related parties Unsecured, considered good	—	—
b. Loans and advances to employees Unsecured, considered good	23,829,932	22,729,469
c. Prepaid Expenses Unsecured, considered good	1,436,969	603,402
d. Balances with Government Authorities Unsecured, considered good		
i. GST credit receivable	8,936,738	14,225,224
ii. Balances with Central Excise Dept	24,833	24,833
iii. VAT credit receivable	10,429,112	10,429,112
iv. MEIS claim receivable	3,851,214	5,592,499
e. Advances to Contractors, Suppliers Unsecured, considered good	3,433,742	6,868,644
f. Advances recoverable cash or in kind	49,489,701	77,722,030
Total	<u>101,432,241</u>	<u>138,195,213</u>
10 OTHER CURRENT ASSETS		
Accrued Interest	279,435	264,220
Total	<u>279,435</u>	<u>264,220</u>



	As at March 31, 2019 ₹	As at March 31, 2018 ₹
11 EQUITY		
SHARE CAPITAL		
Authorised Capital		
160,000,000 Equity Shares of ₹1 each (Previous Year 160,000,000 Equity Shares of ₹1 each)	<u>160,000,000</u>	<u>160,000,000</u>
11.1 Issued Shares		
126,503,000 Equity Shares of ₹1 each (Previous Year 126,503,000 Equity Shares of ₹1 each)	<u>126,503,000</u>	<u>126,503,000</u>
Total	<u>126,503,000</u>	<u>126,503,000</u>
11.2 Subscribed and Paid-up Shares		
126,503,000 Equity Shares of ₹1 each (Previous Year 126,503,000 Equity Shares of ₹1 each)	<u>126,503,000</u>	<u>126,503,000</u>
Forfeited Shares (amount originally paid-up)	<u>—</u>	<u>—</u>
Total subscribed and paid-up share capital	<u>126,503,000</u>	<u>126,503,000</u>
11.2.1 a. The reconciliation of the no. of shares outstanding at the beginning and at the end of the year		
At the beginning of the year	<u>126,503,000</u>	<u>126,503,000</u>
Outstanding at the end of the year	<u>126,503,000</u>	<u>126,503,000</u>
b. Terms/rights attached to equity shares		
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 ensuing 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.		
11.2.2 The details of share holders holding more than 5% shares:		
Premier Fiscal Services (P) Ltd	25,000,000	19.76 *25,000,000 19.76
12 OTHER EQUITY		
Share Premium	60,000,000	60,000,000
Investment Subsidy	2,000,000	2,000,000
General Reserve	7,222,892	7,222,892
Capital Reserve (Forfeit of warrant)	7,250,000	7,250,000
Retained Profit on Fixed Assets net of defer tax	(1,407,367)	(1,407,367)
Balance in Profit & Loss		
Balance at the beginning of the year	116,201,250	107,843,585
Add: Profit for the year	22,207,528	8,357,665
Balance at the Closing of the year	138,408,778	116,201,250
Profit/(Loss) from Associate (Deccan Remedies Ltd.)	-1,825,124	-94,716
Total	<u>211,649,179</u>	<u>191,172,059</u>

**Gennex Laboratories Limited**

	As at March 31, 2019 ₹	As at March 31, 2018 ₹
BORROWINGS		
13 NON-CURRENT LONG TERM		
(Secured against the hypothecated assets procured out of Loan)		
Banks		
Axis Bank Ltd. - Term Loan	—	3,170,400
ICICI Bank Ltd.	—	315,162
Total	<u>—</u>	<u>3,485,562</u>
14 OTHERS		
Unsecured Sales Tax Deferment (Govt.)	549,333	826,878
Total	<u>549,333</u>	<u>826,878</u>
14.1 Sales Tax deferment availed till the current account period is due for repayment after 12 months from Balance Sheet as under:		
Year of Repayment		
2019-20	277,545	
2020-21	394,431	394,431
2021-22	154,902	154,902
Total	<u>549,333</u>	<u>826,878</u>
15 DEFERRED TAX (LIABILITY)/ASSETS		
a. Diff. between Book & Tax Depreciation (Liability)	8,316,659	8,526,658
b. Others	(2,715,573)	(2,474,737)
Total	<u>5,601,086</u>	<u>6,051,921</u>
Net Deferred Tax Liability/(Assets)	<u>5,601,086</u>	<u>6,051,921</u>



	As at March 31, 2019 ₹	As at March 31, 2018 ₹
16 CURRENT BORROWINGS		
a. Secured		
From Banks - Secured		
State Bank of India - C/C A/C	876,589	19,872,253
State Bank of India - IUBD A/C	1,080,000	
Axis Bank Ltd.		40,717,063
(The due to State Bank of India - 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)		
State Bank of India - Term Loan - Secured against (Exclusive First charge on Fixed Assets of the Company)	—	804,297
Axis Bank Ltd. - Term Loan (Secured against Exclusive First Charge on Fixed Assets of the Company)	2,398,239	—
Loan - Secured (Secured against the hypothecated assets procured out of Loan)		
HDFC Bank Ltd.	—	94,204
ICICI Bank Ltd.	315,162	445,482
Total	<u>45,387,053</u>	<u>21,216,236</u>
17 TRADE PAYABLES		
Trade Payable	81,543,720	121,644,060
Total	<u>81,543,720</u>	<u>121,644,060</u>
17.1 Dues to Micro, Small and Medium enterprises have been determined to be ₹ -Nil- to the extent such parties have been identified on the basis of information available with the company.		
17.2 Trade payables are non-interest bearing and normally settled within 90 days term.		
18 OTHER CURRENT LIABILITIES		
Creditors for Capital Goods	2,445,381	1,945,700
Advances from Customers	4,237,870	555,317
Other Liabilities	24,547,037	26,541,260
Sales Tax Deferrment (Govt.)	277,545	174,207
Total	<u>31,507,833</u>	<u>29,216,484</u>
18.1 Other liabilities consist of PF, ESI, Service Tax, TDS, GST and TCS payable etc.		
19 PROVISIONS		
Provision for Leave Encashment	1,711,493	1,128,939
Total	<u>1,711,493</u>	<u>1,128,939</u>
20 CURRENT TAX LIABILITIES		
Current Tax Liabilities (Net)	12,852,953	3,414,580
Total	<u>12,852,953</u>	<u>3,414,580</u>

**Gennex Laboratories Limited**

	Year ended March 31, 2019 ₹	Year ended March 31, 2018 ₹
21 REVENUE FROM OPERATION		
Sale of Products	599,298,057	471,839,820
Other Operating Revenues	301,544	887,255
	599,599,601	472,727,075
Less: GST	41,572,789	34,939,234
Net Revenue from Operation	558,026,812	437,787,841
22 OTHER INCOME		
Interest Income (TDS ₹47,223; Previous Year ₹85,420)	471,949	850,074
Insurance Claim Received	—	422,171
Miscellaneous Income	—	1,994
MEIS Benefit	5,346,127	5,592,499
Sundry balances written back	—	575,931
Exchange Rate Fluctuation	149,619	—
Duty Draw Back	1,857,364	1,593,150
Total	7,825,059	9,035,819
23 COST OF RAW MATERIAL CONSUMED		
Opening Stocks	10,094,095	8,581,807
Add: Purchases	351,982,476	258,284,209
Total	362,076,571	266,866,016
Less: Closing Stocks	15,271,112	10,094,095
Cost of Raw Material Consumed	346,805,459	256,771,921
24 CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE & WORK IN PROGRESS		
Opening Stocks		
Work in Progress	8,888,319	12,282,243
Finished Goods	2,654,347	6,802,497
Total	11,542,666	19,084,740
Closing Stocks		
Work in Progress	17,459,872	8,888,319
Finished Goods	17,964,943	2,654,346
Total	35,424,815	11,542,665
Changes in Stock	(23,882,149)	7,542,075
25 EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	54,288,692	46,187,937
Contributions to Provident and other funds	3,118,500	2,564,157
Gratuity	395,003	3,511,688
Staff Welfare expenses	3,417,305	3,193,426
Total	61,219,500	55,457,208



	Year ended March 31, 2019	Year ended March 31, 2018
	₹	₹
26 FINANCE COST		
Interest and Finance Charges	7,937,827	7,311,379
Interest expenses on Income tax	—	—
Other borrowing costs	—	—
Total	<u>7,937,826</u>	<u>7,311,380</u>
27 OTHER EXPENSES		
Pollution Expenses	10,853,322	9,263,351
Consultancy & Legal Expenses	4,598,745	3,140,092
Rent & Facilities	2,260,487	1,972,775
Electricity Charges	775,192	716,818
Security Charges	819,072	751,138
Printing & Stationery	1,056,070	1,150,451
Communication Expenses	1,164,138	1,468,770
Insurance	1,437,396	888,729
Travelling & Conveyance Exp.	7,481,210	5,302,176
Selling Expenses	6,853,413	4,471,752
Carriage Outwards	15,297,974	10,359,402
Auditors' Remuneration:		
i. Audit Fees	137,400	137,400
ii. Tax Audit Fees	34,350	34,350
iii. Certification & Other	143,000	120,000
iv. Audit Fees - Branch	11,000	11,000
	<u>325,750</u>	<u>302,750</u>
Vehicle Maintenance	532,146	294,173
Sales Tax	480,029	42,098
Exchange Rate Fluctuation	—	762,470
Miscellaneous Expenses	6,086,017	4,946,918
Sundry Balances Written Off (Net)	839,881	—
Stores, Spares & Others	8,879,957	8,419,515
Packing Material	12,194,464	9,005,052
Power & Fuels	27,705,839	21,844,406
Repairs & Maintenance - Buildings	1,702,335	659,767
Repairs & Maintenance - Plant & Machinery	2,433,827	1,318,002
Repairs & Maintenance - Others	716,349	546,439
Job Work Charges	15,106,088	5,461,320
Total	<u>129,599,701</u>	<u>93,088,364</u>

**Gennex Laboratories Limited**

	Year ended March 31, 2019	Year ended March 31, 2018
	₹	₹
28 EXCEPTIONAL ITEMS		
Profit/Loss on Sale of Fixed Assets	—	(100,000)
29 EARNING PER SHARE		
Net Profit the basic EPS	22,207,528	8,357,665
Weighted Average No. of Shares	126,503,000	126,503,000
Annualized Basic Earning per share	0.176	0.066
30 CONTINGENT LIABILITY		
i. Income-tax where appeals/petitions are pending with Various Authorities	*45.58	*57.76
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	High Court
2	CST	Sales Tax	14.57	2007-08	Appellate DC(CT)
	Total		111.04		
				Assmt year	
3	Income Tax	Income Tax	8.22	2001-02	Appellate Authority
		Income Tax	37.36	2002-03	Appellate Authority
	Total		45.58		

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.

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

	Year ended March 31, 2019	Year ended March 31, 2018
	₹	₹
A. C.I.F. value of imports by the Company (Excluding imported items purchased locally)		
Raw Materials	73,264,071	20,473,189
Fixed Assets	—	5,247,719
B. Expenditure in foreign currency during the year:		
a. Foreign Travel Expenses	1,979,002	459,153
b. Sales Commission	3,731,101	922,689
c. Bank Charges	1,110,070	502,362
d. Business Promotion Charges	1,225,444	—



C. Details of consumption of imported and indigenous items

Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2019
	₹	%
Imported		
Raw Material	68,132,682	20%
	(18,660,490)	7%
Indigenous		
Raw material	278,672,777	80%
	(238,111,431)	93%
Stores, Spares Parts & Components	12,194,464	100%
	(8,419,515)	100%
Total	358,999,923	
	(265,191,436)	

Note: Figures/percentages in brackets relates to the previous year.

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	Segment Assets
	Year ended	As at
	March 31, 2019	March 31, 2019
	₹ in Lacs	
Germany	79.04	-
	(47.62)	(-)
Egypt	465.07	39.95
	(301.00)	(44.39)
Iran	195.80	52.70
	(89.35)	(39.00)
Peru	223.88	23.38
	(133.10)	(-)
Bangladesh	-	-
	(208.01)	(44.68)
Spain	207.69	4.65
	(0.01)	(-)
Guatemala City	267.31	43.59
	(183.26)	(27.64)
South Korea	329.23	104.79
	(-)	(-)
Vietnam	386.44	-
	(145.54)	(-)
Export Others	312.14	18.59
	(162.51)	(50.91)
India	3113.67	752.13
	(3107.48)	(839.29)

Note: Figures in brackets relates to the previous year.



Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2018
	₹	₹
E. Earning in Foreign Currency on F.O.B. basis Export of Goods	234,778,001	117,576,336

32. 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 (Non-executive Director)
Ms. Sadhana Bhansali (Non-executive Director)
Mr. Dipankar Das Gupta (Non-executive Director) (ceased w.e.f. 12.04.2019)
Mr. L P Baid (Chief Financial Officer)

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)

32.1 Remuneration of Key Personnel/Directors

Name & Relationship	Nature of Transaction	Year ended	Amount (₹)
1 Mr. Arihant Baid Managing Director	Remuneration	31.03.2019	2,857,500
		31.03.2018	2,400,000
2 Mr. T.M. Gopalakrishnan Whole-Time Director	Remuneration	31.03.2019	3,127,859
		31.03.2018	2,216,800



33. EMPLOYEES BENEFITS:

33.1 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.

33.2 Defined Contribution Plan:

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

Employer's Contribution to Provident/Pension Fund - ₹17,52,773

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 ₹17,11,493 towards Leave encashment based on actuarial valuation.

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

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

36. 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 March 31, 2019*	as at March 31, 2018
Payables:		
Not later than one year	21.67	16.96
Later than one year but not later than 3 years	3.68	21.81
Later than 3 years	0.00	0.00

* The above figures are given without discounting at present value

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

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

39. 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, 2019.

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

Per our report attached
For **PPKG & Co.,**
Chartered Accountants
Firm Regn. No. 009655S
Giridhari Lal Toshniwal
Partner
Membership No. 205140
Place: Hyderabad
Date: May 30, 2019

For and on behalf of the Board of Directors
Arihant Baid
Managing Director

Laxmipat Baid
Chief Financial Officer

T.M. Gopalakrishnan
Whole Time Director

**41. Income tax**

		₹ in Lakhs
	March 31, 2019	March 31, 2018
Tax expense/(credit) comprises of:		
Current income tax	85.00	35.00
Deferred tax	-4.51	-34.37
Income tax expense reported in the statement of profit or loss	80.49	0.63
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, 2018: 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	302.72	145.33
Tax at the Indian tax rate (27.82%) (March 31, 2018: 27.82%)	84.22	40.43
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)	4.51	34.37
Effect of change in tax laws and rate in jurisdictions outside India	—	—
Other Adjustments	-0.78	5.43
Income tax expense	80.49	0.63

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 2018-19 and FY 2017-18.

		₹ in Lakhs
Particulars	March 31, 2019	March 31, 2018
Borrowings	453.87	247.02
Trade Payables	815.44	1216.44
Less: Cash & Cash Equivalents	314.65	101.83
Net Debt	954.66	1361.63
Equity Capital	3381.52	3176.75
Equity Capital and Net Debt	4336.18	4538.38
Gearing Ratio	22%	30%

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2018.

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	Carrying Values		Fair Values	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
₹ in Lakhs				
Financial Assets				
Investments	682.75	700.05	682.75	700.05
Other financial assets	22.04	22.04	22.04	22.04
Tax Assets (Net)	-	-	-	-
Trade Receivables	1,039.77	1,045.91	1,039.77	1,045.91
Cash and Cash Equivalents	19.51	5.65	19.51	5.65
Bank balances other than cash and cash equivalents	295.14	96.17	295.14	96.17
Other financial assets	238.30	227.29	238.30	227.29
Total	2,297.51	2,097.12	2,297.51	2,097.12
Financial Liabilities				
Non-current Borrowings	-	34.86	-	34.86
Other non-current financial Liabilities	-	-	-	-
Current Borrowings	453.87	212.16	453.87	212.16
Trade Payables	815.44	1,216.44	815.44	1,216.44
Other current financial Liabilities	-	-	-	-
Total	1,269.31	1,463.46	1,269.31	1,463.46

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 fairvalue 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, 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)
Fair value of financial assets disclosed:					
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	238.30	-	238.30	-
Total		2,297.51	-	2,297.51	-

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	-	-	-	-
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	-	-	-	-
Total		1,269.31	-	1,269.31	-

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, 2018:

₹ in Lakhs

Particulars	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair value of financial assets disclosed					
Investments	31-Mar-18	700.05	-	700.05	-
Other financial assets	31-Mar-18	22.04	-	22.04	-
Tax Assets (Net)	31-Mar-18	-	-	-	-
Trade Receivables	31-Mar-18	1,045.91	-	1,045.91	-
Cash and Cash Equivalents	31-Mar-18	5.65	-	5.65	-
Bank balances other than cash and cash equivalents	31-Mar-18	96.17	-	96.17	-
Other financial assets	31-Mar-18	227.29	-	227.29	-
Total		2,097.12	-	2,097.12	-

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, 2018:

Fair value of financial liabilities disclosed

Non-current Borrowings	31-Mar-18	34.86	-	34.86	-
Other non-current financial Liabilities	31-Mar-18	-	-	-	-
Current Borrowings	31-Mar-18	212.16	-	212.16	-
Trade Payables	31-Mar-18	1,216.44	-	1,216.44	-
Other current financial Liabilities	31-Mar-18	-	-	-	-
Total		1,463.46	-	1,463.46	-

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



45. 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, 2019 and March 31, 2018.

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, 2019 and March 31, 2018.

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/ (decrease) in Interest Rate	Increase/ (decrease) in Profit beofe tax
March 31, 2019		
INR	0.5% p.a.	-1.49
INR	(0.5%) p.a.	1.49
March 31, 2018		
INR	0.5% p.a.	-1.13
INR	(0.5)% p.a.	1.13



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 creditworthy 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.





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

Form No. MGT- 11

PROXY FORM

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

Name of the member(s): _____

Registered address: _____

E-mail Id: _____

Folio No/ Client Id: _____

DP ID: _____

I/ We, being the member (s) of shares of the above named company, hereby appoint

Name: _____

E-mail Id: _____

Address: _____

Signature: _____ or failing him

Name: _____

E-mail Id: _____

Address: _____

Signature: _____ or failing him

Name: _____

E-mail Id: _____

Address: _____

Signature: _____ or failing him

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 34th Annual General Meeting of the Company, to be held on Friday, September 27, 2019 at 12.30 pm at the Registered Office of the Company situated at Sy.No. 133, IDA Bollaram, Jinnaram Mandal, Sangareddy District - 502 325, Telangana and at any adjournment thereof in respect of such resolutions as are indicated below:

1. To receive, consider and adopt the Audited Standalone & Consolidated Financial Statements of the Company for the financial year ended March 31, 2019 and the Reports of the Board of Directors and Auditors thereon.
2. To Appoint a Director in the place of Mr. T.M. Gopalakrishnan(DIN 03137458), who retires by rotation and being eligible, offers himself for re-appointment
3. Re-appointment of Mr. Y.Ravinder Reddy (DIN: 00011040) as an Independent Director of the Company.
4. Re-appointment of Smt. Sadhana Bhansali (DIN:06966755) as an Independent Director of the Company.
5. Appointment of Mr. Vinod Choraria as an Independent Director of the Company.
6. Remuneration to Cost Auditors of the Company.
7. Ratification of appointment of M/s. R Pogalia & Company, Chartered Accountants as Branch Auditors.

Signed this day of 2019

Signature of Proxy holder(s)

Signature of shareholder.....

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







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

ATTENDANCE SLIP

Folio No. DP ID No./Client ID

Name of the Member Signature

Name of Proxy Holder Signature

No. of Shares held E-mail ID

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the 34th Annual General Meeting of the Company to be held on Friday, September 27, 2019 at 12.30 pm at the Registered Office of the Company at Sy.No.133., IDA Bollaram, Jinnaram Mandal, Sangareddy District - 502 325 (Telangana).

1. Only Member/Proxy-holder can attend the Meeting.
2. Member/Proxy-holder should bring his/her copy of the Annual Report for reference at the Meeting.

Note: Please fill this Admission Slip and hand it over at the entrance. Shareholders who come to attend the meeting are requested to bring the copies of the Annual Report also with them.

GENNEX LABORATORIES LIMITED

Regd. Office: Sy. No. 133, IDA Bollaram Jinnaram Mandal, Medak Dist.- 502 325. Telangana
Corporate Office: "Akash Ganga", 3rd Floor, Plot # 144, Srinagar Colony, Hyderabad - 500 073. Telangana

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







Form No. MGT- 12
POLLING PAPER

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1) (c) of the Companies (Management and Administration) Rules, 2014]

Name of the Company: Gennex Laboratories Limited
Registered Office: Sy.No. 133, IDA Bollaram, Jinnaram Mandal, Medak District,
Telangana - 502 325
CIN: L24230TG1990PLC011168

BALLOT PAPER

Sl. No.	Particulars	Details
1.	Name of the first named Shareholder (In Block Letters)	
2.	Postal address	
3.	Registered Folio No./ *Client ID No. (*applicable to investors holding shares in dematerialized form)	
4.	Class of Share Equity Shares	

I hereby exercise my vote in respect of Ordinary/Special Resolutions enumerated below by recording my assent or dissent to the said resolutions in the following manner:

No.	Item	No. of Shares held by me	I assent to the resolution	I dissent from the resolution
1	Adoption of the Audited Standalone and Consolidated Accounts for the year ended March 31, 2019 and the Reports of Board of Directors and Auditors thereon			
2	To appoint a Director in the place of Mr. T.M. Gopalakrishnan (DIN 03137458), who retires by rotation and being eligible, offers himself for re-appointment			
3	Re-appointment of Mr. Y. Ravinder Reddy (DIN: 00011040) as an Independent Director of the Company.			
4	Reappointment of Smt. Sadhana Bhansali (DIN:06966755) as an Independent Director of the Company.			
5	Appointment of Mr. Vinod Choraria as an Independent Director.			
6	Remuneration to Cost Auditors of the Company			
7	Ratification of appointment of M/s. R Pogalia & Company, Chartered Accountants as Branch Auditors			

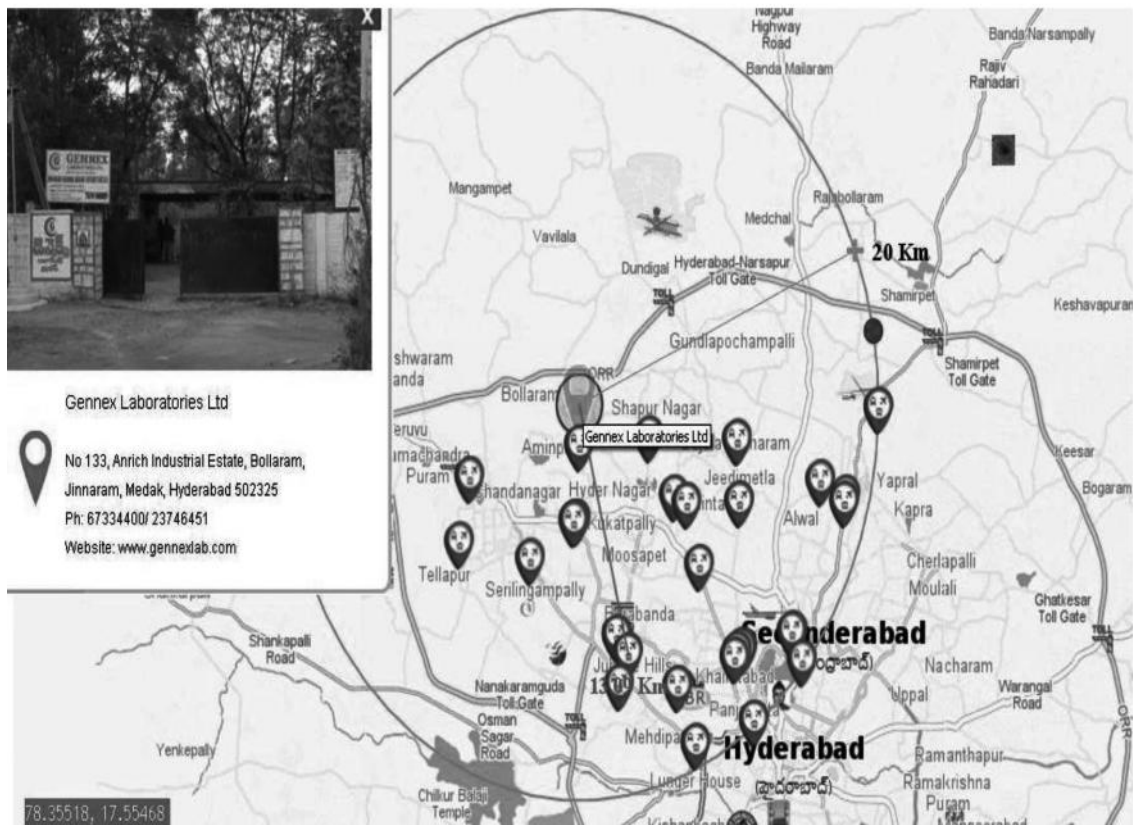
Place:

Date:

(Signature of the shareholder*)

(*as per Company Records)

In terms of the requirements of the Secretarial Standard on General Meetings (SS-2) issued by the Institute of the Company Secretaries of India, route map for the location of the venue of the 33rd Annual General Meeting is given below.



If undelivered, please return to:

GENNEX LABORATORIES LIMITED

“AKASH GANGA”, 3rd Floor, Plot No. 144,
Srinagar Colony, Hyderabad - 500 073.

Telangana, INDIA.