



**GENNEX LABORATORIES LIMITED**

(GENNEX You Can Trust)

**33rd Annual Report  
2017-18**



**BOARD OF DIRECTORS**

Mr. Arihant Baid	–	<i>Managing Director</i>
Mr. T.M. Gopalakrishnan	–	<i>Whole-time Director</i>
Mr. Y. Ravinder Reddy	–	<i>Independent Director</i>
Ms. Sadhana Bhansali	–	<i>Independent Director</i>
Mr. Dipankar Dasgupta	–	<i>Independent Director</i>

**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

**SECRETARIAL AUDITORS**

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

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



**NOTICE**

Notice is hereby given that the 33<sup>rd</sup> Annual General Meeting of the Members of **GENNEX LABORATORIES LIMITED** will be held on **Thursday**, August 09, 2018 at 11:30 a.m. at 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. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2018, together with the reports of the Board of Directors and the Auditors thereon and in this regard pass the following Resolution as Ordinary Resolution.

“RESOLVED THAT the Audited Accounts of the Company containing the Balance Sheet and the Statement of Profit & Loss for the Year ended 31<sup>st</sup> March, 2018 together with their Annexures and the Report of the Auditors and Directors thereon be and are hereby received, considered, approved and adopted”

2. To appoint a Director in the place of Mr. T.M.Gopalakrishnan (DIN: 03137458) who retires by rotation being eligible offers himself for re-appointment as Director liable to retire by rotation and in this regard pass the following Resolution as Ordinary Resolution.

“RESOLVED THAT Mr. T.M. Gopalakrishnan (DIN: 03137458) be and is hereby re-appointed as Director liable to retire by rotation”

3. To approve the appointment of Statutory Auditors in casual vacancy (for the F.Y. 2017-18) and in this regard, to pass with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139(8) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or amendment thereto or re-enactment thereof for the

time being in force) read with the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendations of Audit Committee, M/s. PPKG & Co., Chartered Accountants (Firm Registration No. 009655S), Hyderabad, be and are hereby appointed as Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s. Vinay Karwa & Associates, Chartered Accountants, Hyderabad and to conduct the Statutory Audit for the period ended 31<sup>st</sup> March, 2018 on such remuneration as may be fixed by the Board of Directors in consultation with them.”

4. To appoint Statutory Auditors and to authorize the Board to fix their remuneration and for that purpose to pass with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139, 141 & 142 and other applicable provisions if any, of the Companies Act, 2013 (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) read with the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendations of Audit Committee, M/s. PPKG & Co., Chartered Accountants, Hyderabad, (Firm Registration No. 009655S), be and are hereby re-appointed as Statutory Auditors of the Company for 5 years, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 38th Annual General Meeting of the company and subject to ratification by members at every Annual General Meeting and at such remuneration and out of pocket expenses, as may be decided and approved by the Audit Committee and Board of Directors of the Company.

**SPECIAL BUSINESS:**

5. Re-appointment of Mr. ARIHANT BAID (DIN 01171845), as Managing 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 the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and Articles of Association of the Company and subject to approvals, if any, as may be required from the Financial Institutions and other authorities concerned, Mr. ARIHANT BAID (DIN: 01171845) be and is hereby reappointed as Managing Director of the Company for a further period of three years with effect from May 18, 2018, on the following remuneration:

Salary: Rs.2,00,000 Per Month in the scale of Rs.2,00,000–Rs.2,50,000.

**Perquisites:**

As mutually agreed between the Managing Director and the Company, but restricted to 75% of the salary. In addition to this, and subject to the ceiling on the overall remuneration mentioned below, Mr. ARIHANT BAID, Managing Director will be entitled to reimbursement of actual medical expenses incurred in India or abroad including hospitalization, nursing home and surgical charges for himself and his family.

**Commission:** At 2 % of the net profit of the Company.

RESOLVED FURTHER THAT in addition to the above remuneration, Mr. ARIHANT BAID, Managing Director will be eligible for contribution to PF, Superannuation Fund or Annuity to the extent these are not taxable, gratuity at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of his tenure.

RESOLVED FURTHER THAT the overall remuneration i.e. the aggregate of salary, perquisites and commission payable to Mr. ARIHANT BAID, Managing Director in any one financial year shall not exceed the limits prescribed under Section 196, 197

and other applicable provision of the Companies Act, 2013 read with its Schedule V as in force from time to time.

RESOLVED FURTHER THAT where in any financial year during Mr. ARIHANT BAID's tenure as the Managing Director, the Company has no profits or its profits are inadequate, the remuneration payable to him for the said financial year will be restricted to the limits inadequate, the remuneration payable to him for the said financial year will be restricted to the limits prescribed in Section II of Part II of the Schedule V to the Companies Act, 2013 or any amendments, if any, thereof for the time being in force.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter or vary the scope of remuneration of Mr. Mr. ARIHANT BAID, Managing Director including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified by this resolution and the Companies Act, 2013.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to the above resolutions.

6. Re-appointment of Mr. T.M. GOPALAKRISHNAN (DIN 03137458), as Whole Time Director of the Company.

Consider and if thought fit, to pass with or without modification, the following resolution as **SPECIAL RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and Articles of Association of the Company and subject to approvals, if any, as may be required from the Financial Institutions and other



authorities concerned, Mr. T.M. GOPALAKRISHNAN (DIN: 03137458) be and is hereby re-appointed as Whole Time Director of the Company for a further period of three years with effect from May 18,2018, on the following remuneration:

**Salary:** Rs.101,250 Per Month in the scale of Rs.101,250-Rs.150,000.

**Perquisites:**

As mutually agreed between the Whole Time Director and the Company, but restricted to 75% of the salary. In addition to this, and subject to the ceiling on the overall remuneration mentioned below, Mr. T.M. GOPALAKRISHNAN, Whole Time Director will be entitled to the reimbursement of actual medical expenses incurred in India or abroad including hospitalization, nursing home and surgical charges for himself and his family.

**Commission:** At 2 % of the net profit of the Company.

RESOLVED FURTHER THAT in addition to the above remuneration, Mr. T.M. GOPALAKRISHNAN, Whole Time Director will be eligible for contribution to PF, Superannuation Fund or Annuity to the extent these are not taxable, gratuity at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of his tenure. RESOLVED FURTHER THAT the overall remuneration i.e. the aggregate of salary, perquisites and commission payable to Mr. T.M. GOPALAKRISHNAN, Whole Time Director in any one financial year shall not exceed the limits prescribed under Section 196, 197 and other applicable provision of the Companies Act, 2013 read with its Schedule V as in force from time to time.

RESOLVED FURTHER THAT where in any financial year during Mr. T.M. GOPALAKRISHNAN's tenure as the Whole Time Director, the Company has no profits or its profits are inadequate, the remuneration payable to him for the said financial year will be restricted to the limits inadequate, the remuneration payable to him for the said financial year

will be restricted to the limits prescribed in Section II of Part II of the Schedule V to the Companies Act, 2013 or any amendments, if any, thereof for the time being in force.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter or vary the scope of remuneration of Mr. T.M. GOPALAKRISHNAN, Whole Time Director including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified by this resolution and the Companies Act, 2013.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to the above resolutions.

7. 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 34<sup>th</sup> Annual General Meeting to be held for the financial year 2018-19, 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 :July 6, 2018



**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 here to.
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 03<sup>th</sup> August, 2018 to 09<sup>th</sup> August, 2018 (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 forms 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. Electronic copy of the Annual Report for the Financial Year 2017-18 along with the Notice of



- the 33<sup>rd</sup> 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 2017-2018 along with Notice of the 33<sup>rd</sup> 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.
13. Members may also note that the Notice of the 33<sup>rd</sup> Annual General Meeting and the Annual Report for the Financial Year 2017-18 will also be available on the Company's website [www.gennexlab.com](http://www.gennexlab.com) and on the website of the Registrar [www.rdinfotech.org](http://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](mailto:investorrelations@gennexlab.com).
  14. 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
  15. 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.
  16. 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.
  17. 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.
  18. 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.
  19. 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.
  20. **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., (Thursday, August 02, 2018), 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](https://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](http://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 Monday August 06, 2018 (9:00 am) till Wednesday August 08, 2018 (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](mailto:rbhattad@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**General instructions:**

- a. The e-voting period commences on Monday August 06, 2018 (9:00 am) till Wednesday August 08, 2018 (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. Thursday 02<sup>nd</sup> August, 2018 may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto: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 Thursday, 02<sup>nd</sup> August, 2018.
  - f. Mr. B. Ramesh Kumar, 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 after the conclusion of voting at the General Meeting, will first count the votes cast at the Meeting and 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 shall make, not later than 48 hours of the 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 of the voting forthwith.
  - i. The results declared along with the Scrutinizer's Report shall be placed on the Company's website viz., [www.gennexlab.com](http://www.gennexlab.com) and on the website of NSDL and BSE after AGM.

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 33<sup>rd</sup> 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 the 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**



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**ANNEXURE TO NOTICE OF AGM**

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

**Item No. 3**

M/s. Vinay Karwa & Associates, Chartered Accountant, Hyderabad has resigned on 12.05.2018 from the post of Statutory Auditor of the Company. A casual vacancy has arisen due to his resignation.

Pursuant to the provisions of Section 139 (8) of the Companies Act, 2013 and in order to complete the audit of the accounts of the company for the FY 2017-18 and based on the recommendations of the Audit Committee, the Board has appointed M/s. PPKG & Co., Chartered Accountants (Firm Registration No.009655S) as Statutory Auditors of the company at its Board Meeting held on 12.05.2018.

As per the provisions of Sec. 139(8) of Companies Act, 2013, in case a casual vacancy arises as a result of resignation of an existing Auditor, the Board of Directors of the Company can fill up such casual vacancy within 30 days from such vacancy subject to the approval of shareholders within 3 months from the date of such appointment.

Therefore, the Board of Directors, recommends the Ordinary Resolution for approval of the shareholders.

None of the Directors, Key Managerial Personnel of the Company or their relatives or any of other officials of the Company is, in any way, financially or otherwise, concerned or interested in the Resolution.

**Item No. 4**

The Auditors M/s. PPKG & Co., Chartered Accountants (Firm Registration No. 009655S) appointed as statutory auditors to fill the casual vacancy, have confirmed that they are eligible to be appointed as Statutory Auditors of the company as per the provisions of Sec. 139(2) of the Companies Act, 2013, Companies (Audit and Auditors) Rules, 2014 and fulfill the requirements of 141 of the said Act, and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The company has received necessary certificate and written consent from M/s. PPKG & Co., stating that their appointment, if made, shall be in accordance with the conditions as prescribed under the said Act and the rules made there under.

Your Directors, therefore, recommend the Ordinary Resolution for your approval.

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

**Item No. 5**

Mr. ARIHANT BAID was appointed as the Managing Director of the Company for a period of three (3) years with effect from 18/05/2015 on the terms and conditions and remuneration as approved by the Members at the Annual General Meeting held on 30th September 2015. As such, the present term of office of Mr. ARIHANT BAID shall expire on 17/05/2018. Mr. ARIHANT BAID has been associated with the Company since 2012 and currently hold overall responsibility for the working of the Company. Keeping in view the contribution made by Mr. ARIHANT BAID for the growth of the Company, the Board of Directors of the Company and the Remuneration Committee have recommended the reappointment of Mr. ARIHANT BAID for a period of three (3) years effective from 18th May 2018, who shall be liable to retire by rotation, with terms and conditions as mentioned in the above Resolution No 5.

**Item No. 6**

Mr. T.M. Gopalakrishnan was appointed as the Whole Time Director of the Company for a period of three (3) years with effect from 18/05/2015 on the terms and conditions and remuneration as approved by the Members at the Annual General Meeting held on 30th September 2015. As such, the present term of



office of Mr. T.M. Gopalakrishnan shall expire on 17/05/2018. Mr. T.M. Gopalakrishnan has been associated with the Company since 2012 and Mr. Tiruvarur Muralidharan Gopalakrishnan has 33 years of wide experience in Pharmaceutical Industry and has vast chemical knowledge. He has the educational qualification of M.Tech. in Chemical Engineering. The Directors recommend passing of the resolution set out in Item 6 of the Notice. Excepting Mr. T.M. Gopalakrishnan, no other Director is concerned or interested in this resolution. Keeping in view the contribution made by Mr. Tiruvarur Muralidharan Gopalakrishnan for the growth of the Company, the Board of Directors of the Company and the Remuneration Committee have recommended the reappointment of Mr. T.M. Gopalakrishnan for a period of three (3) years effective from 18th May 2018, who shall be liable to retire by rotation with terms and conditions as mentioned in the above Resolution No. 6.

**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. Sibsankar & Associates, Chartered Accountants, 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 2018-19 is being placed for members' ratification. The Board commends the passing of the Ordinary Resolution at Item No. 7 of the accompanying Notice for approval by the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested in the passing of the above resolution.

By Order of the Board of Directors  
for **Gennex Laboratories Limited**  
**Arihant Baid**  
Managing Director  
(DIN 01171845)

Place: Hyderabad

Date : July 6, 2018

*Registered Office:*

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

Email id: investorrelations@gennexlab.com



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

Name of the Director	Arihant Baid
DIN	01171845
Date of Birth	25.05.1986
Age	32 years
Qualification	BBA (MIB)
Experience	Has rich experience in managing business relating to Pharmaceuticals, Bio-technology & Education Sectors
Relationship with other director/ Manager and other KMP	No relationship
No of Shares held	100
Directorships of other Boards	1. India Securities Broking Pvt. Ltd. 2. Regent Commodities Broking Pvt. Ltd. 3. Regenet Finance Corporation Pvt. Ltd. 4. Prudential Holdings Pvt. Ltd. 5. Pincha Estate Development Pvt. Ltd. 6. Premier Fiscal Services Pvt. Ltd. 7. Premier Industries & Commercial Credit Pvt. Ltd. 8. VAB Realty Pvt. Ltd.
Membership/Chairmanship of Committees of other Board	NIL

Name of the Director	T M Gopalakrishnan
DIN	03137458
Date of Birth	09.07.1951
Age	67 years
Qualification	M.Tech. in Chemical Engineering
Experience	He 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	1. Deccan Remedies Ltd.
Membership/Chairmanship of Committees of other Board	NIL

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

Except Mr. Arihant Baid and Mr. T M Gopalakrishnan and their relatives, none of the other Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item No. 2, 5 & 6 of the notice.

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

**Arihant Baid**

Managing Director

(DIN 01171845)

Place:Hyderabad

Date :July 6, 2018



## DIRECTORS' REPORT

To

The Members of  
Gennex Laboratories Limited

Your Directors are pleased to present the 33rd Annual Report and the Audited Financial Statements for the Financial Year ended 31st March, 2018.

### 1. Financial Results

(Rs. in Lakhs)

PARTICULARS	Standalone		Consolidated	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Total Revenue	4468.24	4,202.61	4468.24	4,202.61
Profit before finance cost, depreciation and tax expense	310.62	464.56	310.62	464.56
Finance cost	73.11	70.54	73.11	70.54
Profit before depreciation and tax expense	236.520	394.02	236.520	394.02
Depreciation	92.18	83.94	92.18	83.94
Profit before tax expense	145.33	310.08	145.33	310.08
Tax expense (Net)	61.76	39.64	61.76	39.64
Net Profit for the year	83.58	270.44	83.58	270.44
Profit brought forward from earlier year	1078.44	808.00	1078.44	808.00
Profit available for appropriation	1162.01	1,078.44	1162.01	1,078.44

### 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 Rs. 4468.24 lakhs as against Rs.4,202.61 lakhs in the previous year, and the company has recorded the Profit before Finance Cost, Depreciation and Tax Expenses of Rs.310.62 lakhs (2017-18) as against Rs.464.56 lakhs (2016-17). In the current year the Net profit is Rs.83.58 Lakhs against the previous year Rs.270.44 lakhs. There is a decrease in the Profit during the year under review and all efforts are being made to make the Company to be reckoned with in the Pharma Arena and your Directors are hopeful of the our Company would be making better performances with profits in the coming years.

### Future Outlook

The Management of the Company is making all its efforts for adding additional APIs for manufacturing by enhancing the production

capacities and increased R & D efforts for which the Management is also exploring the possibilities of various options to raise the required funds.

**Kothur Unit:** The Management of the Company is making all its efforts in bringing the unit at Kothur near Zaheerabad into operation by end June, 2019 and in the process, the Company is pleased to inform that its application for Environmental Clearance from Ministry of Environment & Forest has 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 processed and is confident of getting PCB approval for the same.

The Management is looking for establishing an US (FDA) approved Plant with also approvals from EDQM and TGA for manufacturing High Value Low Volume and Low Volume High Value Active Pharmaceutical Ingredients (APIs) at Kothur, near Zaheerabad and as soon as the unit



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

**Share Capital:**

*Authorized Share Capital*

During the year under review, there was no change in authorized share capital of the Company. Authorized share capital of the company as on March 31, 2018 was Rs.16,00,00,000/-, comprising of 16,00,00,000 equity shares of Rs.1/- each.

*Paid-up Share Capital*

During the year under review, there was no change in paid up share capital of the Company. Paid up share capital of the company as on March 31, 2018 was Rs.12,65,03,000/-, comprising of 12,65,03,000 Equity Shares of Rs.1/- each.

**Buy Back of Securities**

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

**Sweat Equity**

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

**Bonus Shares**

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

**Employees Stock Option**

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

**Dividend**

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

**Transfers to Reserves**

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

**Deposits**

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

**Subsidiaries, Joint Ventures and Associates**

As on March 31, 2018, 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 2017-18 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 2017-18.

**Number of Board Meetings held**

During the financial year ended March 31, 2018, Five Board Meetings were held.

The dates on which the Board Meetings were held are 30.05.2017, 26.08.2017, 14.09.2017, 14.12.2017 and 14.02.2018 the details of which are given in the Corporate Governance Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013 and Secretarial Standard -1.



**Board evaluation**

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

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

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

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

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

**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 first three quarters of the FY 2017-18 and on and from the period ending March 31, 2018, 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.

**Extract 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 <http://www.gennexlab.com>.

**Declaration by Independent Directors**

The Independent Directors of the Company have submitted their declarations as required under Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as per sub-section (6) of Section 149 of the Act.

**Familiarization programmer 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 14.02.2018, 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, 2018 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, 2018 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.

**Re-Appointment of Mr. Arihant Baid as Managing Director and Mr. T.M. Gopalakrishnan as Whole-time Director for the term of 3 Years with effect from May 18<sup>th</sup> 2018.**

Based on the confirmations received from Directors, none of the Directors are disqualified from appointment under Section 164 of the Companies Act 2013. There was no other appointment or cessation of appointment of key managerial personnel during the Financial Year.

**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. Vinay Karwa & Associates, Chartered Accountant has resigned to his position on 25.04.2018 and the same has been approved by the Board of Directors at its Meeting held on 12.05.2018. In order to complete the Audit for 2017-18, as per the provisions of Sec. 139(8) of the Companies Act, 2013, the Board has appointed M/s. PPKG & Co., Chartered Accountants (Firm Regn. No. 009655S) as Statutory Auditors to fill the casual vacancy caused by the resignation of M/s. Vinay Karwa & Associates. The appointment of M/s. PPKG & Co., as Statutory Auditors is subject to the approval of the shareholders. Your Board seeks approval of the appointment of Statutory Auditors for the year 2017-18 at the item No. 3 set out in the Notice of Annual General Meeting.

The company also proposes to appoint M/s. PPKG & Co., Chartered Accountants (Firm Regn. No. 009655S) as Statutory Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of 38<sup>th</sup> Annual General Meeting of the Company, subject to ratification by shareholders at every subsequent Annual General Meeting of the Company.

The written consent and a Certificate to the effect that their appointment, if made, would be in accordance with the conditions as prescribed under the Act, has been received by the company. Your Board recommends appointment of Statutory Auditors for 5 years (from 33<sup>rd</sup> AGM to 38<sup>th</sup> AGM) as set out in item no.4 in the Notice of Annual General Meeting.

**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. BSS & Associates, Company Secretaries, as Secretarial Auditors to conduct Secretarial Audit of the company for the Financial Year ended on March 31, 2018. Secretarial Audit Report issued by Mr. S. Srikanth, Partner of M/s. BSS & 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. LaxmipatBaid to conduct Internal Audit of the Company for the Financial Year ended March 31, 2018.

**Audit Committee**

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

**Sub Committees of the Board**

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

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

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

**Management Discussion and Analysis**

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

**Corporate Governance**

The Company is committed to good corporate governance in line with the Schedule V of SEBI (LODR) Regulations, 2015 and Provisions, Rules and Regulations of the Companies Act, 2013. The Company is in



compliance with the provisions on corporate governance specified in the Listing Agreement with BSE. A certificate of compliance from M/s. PPKG & Co., Chartered Accountants and the report on Corporate Governance form part of this Directors' Report as **Annexure – VII.**

**Insurance**

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

**Vigil Mechanism**

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

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

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

1. The Company has set Internal Control Systems to maintain accurate and complete accounting records, to safeguard its assets, to prevent and detect any frauds and errors.
2. The Company has appointed Internal Auditors to observe the Internal Controls, whether the work flows of organization is being done through the approved policies of the Company. In every Quarter during the approval of Financial Statements, Internal Auditors will present the Internal Audit Report and Management Comments on the Internal Audit observations; and
3. The Board of Directors of the Company have adopted various policies like Related Party Transactions Policy, Fixed Assets

Policy, Whistle Blower Policy, Policy to determine Material Subsidiaries and such other procedures for ensuring the orderly and efficient conduct of its business for safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

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

**Change in the nature of business**

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

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

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

**Industrial Relations**

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

**Material changes and commitments**

There are no Material changes and commitments in the business operations of the Company from the Financial Year ended March 31, 2018 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, 2018, 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, PhirozeJeeJeebhoy Towers, DalalStreet, Mumbai - 400 001; and



The Company has paid the Annual Listing Fee to the said Stock Exchanges for the Financial Year 2018-19.

**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 2018.

**ii. Policy for Determining Materiality for Disclosures**

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

**iii. Policy on Document Retention**

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

**Share transfer agency**

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

**Awards and recognition**

The Company has been awarded ISO 9001:2008, BS OHSAS 18001:2007 and ISO 14001:2004 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  
July 6, 2018



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**INDEPENDENT AUDITOR'S REPORT**

To

The Board of Directors of  
Gennex Laboratories Limited

1. We have audited the accompanying statement of Consolidated financial results of **Gennex Laboratories Limited** (“the company”) for the year ended March 31, 2018 and its Associate (together referred as “the Group”) for the year ended March 31, 2018 (“the Statement”), attached hereto being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (‘Listing Regulations’) as modified by SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 05, 2016, which has been initiated by us for the purpose of identification.
2. The Statement and the Consolidated Annual Financial Statements which form the basis for this Statement are the responsibility of the Company’s Management and have been reviewed by the Audit Committee and approved by its Board of Directors, and have been prepared in accordance with the Accounting Standard prescribed under Section 133 of the Companies Act, 2013 read with the relevant Rules there under, as applicable, and other accounting Principles generally accepted in India. Our responsibility is to express an opinion on the Consolidated Financial Statements, based on our audit thereof.
3. We conducted our Audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.  
An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the statement. The procedures selected depend on the

auditors’ judgement, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal financial control relevant to the entity’s preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal financial control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. **BASIS FOR QUALIFIED OPINION**

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.

5. **QUALIFIED OPINION**

In our opinion and to best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph;

- i. the Statement, together with the notes thereon are presented in the format prescribed under Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and SEBI Circular dated 5 July 2016; and
- ii. the statement, gives true and fair view in conformity with Ind AS and other Accounting Principles generally accepted in India of the loss for the quarter and profit for the year, the total Comprehensive Income and other



financial information of the Company for the Quarter and year ended 31<sup>st</sup> March, 2018.

**6. EMPHASIS OF MATTER**

The Financial Statement which describes pending registration formalities for land acquired. Our opinion is not qualified in respect of this matter.

7. We did not audit the financial statements of Associate Company included in the Consolidated Financial Results, 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 results, in so far as it relates to the amounts and disclosures included in respect of this Associate is based solely on the reports of the other auditors.

8. The Statement includes the results for the Quarter ended 31<sup>st</sup> March, 2018 being the balancing figure between the audited

figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by erstwhile Auditors.

**Other Matters**

9. The Comparative figures of the Quarter and year ended March 31, 2017 prepared in accordance with applicable Indian Accounting Standards (Ind AS) were audited by the erstwhile auditors who had expressed modified opinion on these financial results/financial statements vide their reports dated 30.05.2017

For **PPKG & Co.**,  
Chartered Accountants

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

Place: Hyderabad  
Date: 30.05.2018



**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.	2018	55,00,000	70,00,000	44.27	Based on the % of holding over this investee company	As the group has only ability to do 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
	Deccan Remedies Ltd. Regd. Office: Survey No. 75 (A) Kothur (B) Village Zaheerabad Mandal Medak Dist. - 502 228. Telangana

S.No.	Name of the Company and Address
	NA

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

**Arihant Baid**

Managing Director

DIN: 01171845

**T.M. Gopalakrishnan**

Whole Time Director

DIN: 03137458

Place: Hyderabad

Date: July 6, 2018

**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 2017-18.

**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 2017-18.

**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:

(₹ in Thousands)

Particulars :	Standalone		Consolidated	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Used :	276.45	170.71	276.45	170.71
Earned :	1175.76	1315.80	1175.76	1315.80



## Annexure - IV

**Statement of particulars as per Rule 5 (1) of Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014**

i. **the ratio of the 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	8.87
2	Mr. T.M. Gopalakrishnan Whole Time Director	7.38
3	Mr. Y. Ravinder Reddy	NA
4	Ms. Sadhana Bhansali	NA
5	Mr. Dipankar Dasgupta	NA

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

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

S. No.	Name of the Director	Percentage increase in remuneration
1	Mr. Arihant Baid** Managing Director	NIL
2	Mr. T.M. Gopalakrishnan Whole Time Director	8.72
3	Mr. Y. Ravinder Reddy* Independent Director	NA
4	Ms. Sadhana Bhansali* Independent Director	NA
5	Mr. Dipankar Dasgupta* Independent Director	NA
6	Mr. Laxmipat Baid Chief Financial Officer	9.26

\*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 31st March, 2018.

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

9.76%

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

There are 88 permanent employees on the rolls of the Company as on 31st March, 2018.

v. **The explanation on the relationship between average increase in remuneration and company performance**

S. No.	Average increase in remuneration	Company Performance
1	8.36%	Net profit of the Company is increased by 69.09%

vi. **Comparison of the remuneration of the Key Managerial Personnel against the performance of the company**

S. No.	Remuneration of Key Managerial Personnel	Performance of the Company for the year ended 31.03.2018
1	₹ 3,493,850	₹ 83.58 Lakhs (Net Profit)

vii. **Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.**

S. No.	Particulars	As at Mar 31, 2018	As at Mar 31, 2017
1	Market Capitalisation	BSE ₹470,591,160	BSE ₹607,214,400
2	Price Earnings Ratio	BSE 56.36	BSE 22.42





**Market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:**

The Company came with an Initial Public Offer in February 9, 1996 at the price of ₹ 10/- per equity share. As on 31st March, 2018 the Market Quotation of the Company Share Price (Closing Price) is as follows:

BSE Limited: ₹ 3.72

viii. **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-

ix. **Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company.**

S. No.	Name	Remuneration of Key Managerial Personnel	Performance of the company for the year ended 31st March, 2018
1	Mr. Arihant Baid, Managing Director	₹ 2,400,000	₹ 83.58 Lakhs (Net Profit)
2	Mr. Laxmipat Baid Chief Financial Officer***	₹ 1,193,850	₹ 83.58 Lakhs (Net Profit)

x. **The key parameters for any variable component of remuneration availed by the Directors.**

Only Salary and allowances are paid on the performance of the Company upon recommendation of Nomination and Remuneration Committee.

xi. **The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year.**

-N.A.-

xii. **The 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: July 6, 2018

**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, 2018.

Arihant Baid  
Managing Director

Place: Hyderabad  
Date: July 6, 2018



**Annexure - V**

Form No. MR-3

**Secretarial Audit Report**

For the Financial Year ended 31st March, 2018

[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, 2018, 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, 2018 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Companies Act, 1956 (to the extent applicable) 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, 1992;
  - 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 and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. 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 as the Company has not issued any debt securities)
  - 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 as the Company is not registered as Registrar to Issue and Share Transfer Agent during the Financial Year under review); and



- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable as the Company has not delisted/proposed to delist its equity shares from any Stock Exchange during the Financial Year under review)
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable as the Company has not bought back / proposed to buyback any of its securities 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 of the Listing Agreements entered into by the Company with the Stock Exchanges.

- i. The Secretarial Standards issued by the Institute of Company Secretaries of India;
- ii. The Listing Agreement entered into by the Company with Bombay Stock Exchange
- iii. The Securities and Exchange Board of India (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 delaying in filing of Forms with Stock Exchanges as required under SEBI (PIT) Regulations, 2015 and SEBI (SAST) Regulations, 2011.

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

Place: Hyderabad  
Date: July 6, 2018

*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 CP: 7999

Place: Hyderabad  
Date: July 6, 2018



**Annexure - VI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

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

**Industry Structure and Development**

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

**Opportunities**

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

- The Management 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 2017-18

**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 31<sup>st</sup> March, 2018 is Rs. 1600 Lakhs divided into 1600 Lakhs Equity Shares of face value of Rs. 1/- each. The Share Capital of the Company consists of only Equity Shares. The Paid-up Capital of the Company as on 31<sup>st</sup> March, 2018 is at Rs. 1265.03 Lakhs comprising of 12,65,03,000 Equity Shares of Rs. 1/- each fully paid-up.

**2. Reserves and surplus:**

The Reserves and Surplus of the Company as on 31<sup>st</sup> March, 2018 stands at Rs.1829.09 Lakhs

**3. Secured Loans:**

The Working Capital Advances as at 31<sup>st</sup> March, 2018 stand at Rs.247.02 Lakhs

**4. Unsecured Loans:**

The Deferred Sales Tax amount as at 31<sup>st</sup> March 2018 stand at Rs.10.01 Lakhs.

**5. Fixed Assets:**

The Gross Block stood at Rs.2892.66 Lakhs and the net block stood at Rs.1558.13. Lakhs as at 31<sup>st</sup> March, 2018 compared to Rs.2722.56 Lakhs and Rs.1557.92 Lakhs as at 31<sup>st</sup> March, 2016 respectively. The decrease in the value of the Fixed Assets is on account of depreciation of plant and Machinery.

**6. Revenue (Gross):**

During the year, the Company achieved sales Rs. 4727.27 Lakhs compared to Rs. 4348.61 Lakhs in the previous year ended 31<sup>st</sup> March 2017.

**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, 2018, 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	Director/Promoter	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

#### 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, 2018 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, 2018, five 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: 30.05.2017, 26.08.2017, 14.09.2017, 14.12.2017 and 14.02.2018.

- 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 Sept 28, 2017
	Held	Attended	
Mr. Arihant Baid	5	4	No
Mr. T.M. Gopalakrishnan	5	5	Yes
Mr. Y. Ravinder Reddy	5	5	No
Ms. Sadhana Bhansali	5	2	No
Mr. Dipankar Dasgupta	5	2	No

- vi- Details of equity shares of the Company held by the Directors as on March 31, 2018 are given below:

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

The Company has not issued any convertible instruments. None of the Non-Executive Directors are holding any shares in the company as on 31st March 2018.

- 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 September 28, 2017 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 2017-18	
			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	2

v. Audit Committee met 4 times during the year and the dates of such Meetings are: 30.05.2017, 14.09.2017, 14.12.2017 and 14.02.2018

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 2017-18	
			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	2

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 2017-2018

Name of the Director	Fee Paid During the Year ₹
Mr. Y. Ravinder Reddy (Chairman)	16,500
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	Commis-sion	Service Contracts	Notice Period
Mr. Arihant Baid Managing Director	2,400,000	250,400	—	—	—	Appointed for a period of 3 years w.e.f. 18th May, 2018	As per the Rules of the Company
Mr. T.M. Gopalakrishnan Whole Time Director	1,290,000	496,364	—	—	—	Appointed for a period of 3 years w.e.f. 18th May, 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 is 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](mailto:investorrelations@gennexlab.com)

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

Complaints received and redressed during the year 2016-2017

S.No.	Nature of Complaints	Number of Complaints Received	Number of Complaints Solved	Number of Complaints Pending
1.	Regarding annual report	1	1	—
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 2017-18	
			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	2

#### 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 14.02.2018.

#### 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
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
2015	30.09.2015	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. 32nd Annual General Meeting – September 28, 2017 : Nil
  - ii. 31st Annual General Meeting – September 30, 2016 : Nil
  - iii. 30th Annual General Meeting – September 30, 2015 : Two
    - 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 2017-2018.
  - 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, 2018 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 31<sup>st</sup> March 2018 there was no difference between the issued and listed capital and the aggregate of Shares held by Investors in both Physical Form and in Electronic Form with the depositories. 12,44,55,370 Equity Shares representing 98.38% of the Paid up Equity Capital have been dematerialized as on 31<sup>st</sup> March 2018.



**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      Thursday, 9th August, 2018  
 Time                                      11.30 A.M  
 Venue                                      Sy. No. 133, Bollaram, Jinnaram Mandal,  
    Sangareddy District – 502 325, Telangana  
 Book Closure Date                      03.08.2018 to 09.08.2018 (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 1st April, 2018 to 31st March, 2019 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 2018-2019 (Tentative)

Financial Year Ending	31.03.2019
Quarter ending on 30th June, 2018	on 14.08.2018
Quarter ending on 30th September, 2018	on or before 14.11.2018
Quarter ending on 31st December, 2018	on or before 14.02.2019
Quarter ending on 31st March, 2018 & Annual Results of 2018-2019	on or before 30.05.2019
Date of Book Closure	23.09.2019 to 27.09.2019 (both days inclusive)

f. Dividend Payment Date:

Your Board has not recommended any dividend.

g. Listing on Stock Exchanges

Bombay Stock Exchange Ltd, Phiroze Jeejeebhoy Towers, Dalal, Street, Mumbai – 400001

Listing fee is to be paid for the year 2018-19 to the Bombay Stock Exchange, Mumbai

h. Stock Code

Bombay Stock Exchange Ltd, Mumbai- 531739

**i. Stock Price Data**

Monthly high and low price of shares traded on Bombay Stock Exchange during the year from 01.04.2017 to 31.03.2018 is given below:

Amount in Rs.

	Month	High Price	Low Price
1	Apr-17	7.89	5.20
2	May-17	6.35	4.52
3	Jun-17	5.20	4.69
4	Jul-17	5.00	4.27
5	Aug-17	4.75	3.50
6	Sep-17	4.80	3.50
7	Oct-17	4.10	3.30
8	Nov-17	4.77	3.42
9	Dec-17	6.90	4.17
10	Jan-18	6.87	4.41
11	Feb-18	5.17	4.10
12	Mar-18	4.72	3.61

**j. Performance in comparison to broad-based indices such as BSE Sensex****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 31.03.2018**

Range in No. of Shares	Range in Value of Shares	No. of Shareholders	% of Total	No. of Shares	% to Total
01 – 500	01 – 5000	4237	28.849 %	1043627	0.82%
501 – 1000	5010 – 10000	4826	32.859 %	4619344	3.65%
1001 – 2000	10001 – 20000	1716	11.684 %	2944216	2.33%
2001 – 3000	20001 – 30000	876	5.964%	2363106	1.87%
3001 – 4000	30001 – 40000	460	3.132 %	1705787	1.35%
4001 – 5000	40001 – 50000	679	4.623 %	3318315	2.62%
5001 – 10000	50001 – 100000	948	6.455 %	7674074	6.07%
10001 – 50000	100001 – 500000	776	5.284 %	17443643	13.79%
50001 – 100000	500001 – 1000000	92	0.626 %	6620675	5.23%
100001 and Above	1000001 and Above	77	0.524 %	78770213	62.27%
GRAND	TOTAL	14687	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 31st March, 2018

- 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', 3<sup>rd</sup> Floor, Plot # 144, Srinagar Colony, Hyderabad – 500 073, Telangana

## 5. Disclosures

### a. Disclosure of Materially Significant Related Party Transactions

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

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

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

A Statement of Compliance with all Laws and Regulations as certified by the Managing Director and Whole Time Director is placed at periodic intervals for review by the Board. There were instances of delayed compliance with Listing Agreement, penalty imposed on the Company by Stock Exchange, the same were paid and communicated with Bombay Stock Exchange, during the last three years.

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

## 6. Means of Communication

### a. Quarterly Results

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

### b. News releases, presentations, etc.

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

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

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

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



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**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

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To the Members of  
GENNEX LABORATORIES LIMITED

We have reviewed the compliance of conditions of Corporate Governance by Gennex Laboratories Limited, for the year ended 31st March, 2018, as stipulated in Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.

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

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

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

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 : 30.05.2018



**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 : July 6, 2018

**Arihant Baid**  
Managing Director

**Laxmipat Baid**  
Chief Financial Officer

**Declaration by Managing Director**

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

**Arihant Baid**  
Managing Director

Place: Hyderabad  
Date: July 6, 2018



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**INDEPENDENT AUDITORS' REPORT**

To  
The Board of Directors of  
Gennex Laboratories Limited

1. We have audited the accompanying statement of standalone financial results of **Gennex Laboratories Limited** (“the company”) for the quarter and the year ended March 31, 2018 (the “Statement”), being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (‘Listing Regulations’) as modified by SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 05, 2016, which has been initiated by us for the purpose of identification.
2. This Statement, which is responsibility of the Company’s Management and have been reviewed by the Audit Committee and approved by the Board of Directors, has been compiled from the related standalone financial Statements which has been prepared in accordance with the Accounting Standards prescribed under section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the statement based on our audit of such standalone financial statements.
3. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the statement. The procedures selected depend on the

auditors’ judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal financial control relevant to the entity’s preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal financial control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**4. BASIS FOR QUALIFIED OPINION**

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.

**5. QUALIFIED OPINION**

In our opinion and to best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph;

- the Statement, together with the notes thereon are presented in the format prescribed under Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and SEBI Circular dated 5 July 2016; and
- the statement, gives true and fair view in conformity with Ind AS and other



Accounting Principles generally accepted in India of the loss for the quarter and the profit for the year, the total Comprehensive Income and other financial information of the Company for the Quarter and year ended 31<sup>st</sup> March, 2018.

**6. EMPHASIS OF MATTER**

The Financial Statement which describes pending registration formalities for land acquired. Our opinion is not qualified in respect of this matter.

7. The Statement includes the results for the Quarter ended 31<sup>st</sup> March, 2018 being the balancing figure between the audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by erstwhile Auditors.

**Other Matters**

8. The Comparative figures of the Quarter and year ended March 31, 2017 prepared in accordance with applicable Indian Accounting Standards (Ind AS) were audited by the erstwhile auditors who had expressed modified opinion on these financial results/financial statements vide their reports dated 30.05.2017

For **PPKG & Co.**,  
Chartered Accountants

Giridhari Lal Toshniwal  
Partner  
M.No. 205140

Place: Hyderabad

Date: 30.05.2018

**BALANCE SHEET AS AT 31ST MARCH, 2018**

	Note No.	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
<b>1 ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	5	155,813,309	155,091,400	154,618,144
Capital work-in-progress		-	2,319,990	1,173,600
<b>Investment property</b>		-	-	-
<b>Goodwill</b>		-	-	-
<b>Financial Assets</b>				
Investments in Associate	6	70,000,000	70,000,000	70,000,000
Other Investment		100,000	100,000	100,000
Loans, non-current		-	-	-
<b>Other non-current financial assets</b>		-	-	-
Deferred Tax Assets (Net)		-	-	-
Other non-current assets	7	2,221,494	2,214,333	2,397,479
<b>2 Current Assets</b>				
Inventories	8	23,386,404	28,904,416	29,420,141
<b>Financial Assets</b>				
Trade receivables, Current	9	104,591,142	102,955,537	69,593,385
Cash and Cash Equivalents	10	565,357	36,887	316,377
Bank Balance other than Cash and Cash Equivalents		9,617,296	6,258,330	8,161,322
Other Financial Assets	11	138,195,213	124,203,375	81,738,264
<b>Current tax assets (Net)</b>				
<b>Other Current Assets</b>	12	264,220	71,135	347,231
<b>Total Assets</b>		<b>504,754,435</b>	<b>492,155,404</b>	<b>417,865,943</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1 Equity</b>				
Equity Share Capital	13	126,503,000	126,503,000	126,503,000
Other Equity	14	191,266,775	182,909,110	155,865,860
<b>Non-Current Liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	15	3,485,562	854,848	305,249
Others	16	826,878	1,001,085	1,172,184
Provisions		-	-	-
<b>Deferred Tax Liabilities (Net)</b>	17	6,051,921	9,488,841	9,830,924
Other Non-Current Liabilities				
<b>2 Current Liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	18	21,216,236	37,515,928	22,379,220
Trade Payables	19	121,644,060	94,572,340	70,465,023
Others	20	29,216,484	34,340,842	23,812,750
<b>Other Current Liabilities</b>				
Provisions	21	1,128,939	1,006,000	878,000
Current Tax Liabilities (Net)	22	3,414,580	3,963,410	6,653,733
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>504,754,435</b>	<b>492,155,404</b>	<b>417,865,943</b>

**Significant Accounting Policies and Notes on Financial Statements 1 to 36**

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 : 30th May, 2018

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 31ST MARCH, 2018**

	Note No.	Year Ended 31st March, 2018 ₹	Year Ended 31st March, 2017 ₹
<b>I Revenue from Operations</b>	23	437,787,841	419,072,203
<b>II Other Income</b>	24	9,035,819	1,188,814
<b>III Total Income (I + II)</b>		<b>446,823,660</b>	<b>420,261,017</b>
<b>IV Expenses:</b>			
Cost of Raw Material Consumed	25	256,771,921	235,697,949
Purchase of Stock-in-trade		3,000,989	-
Change in Inventories of finished goods, Stock in Trade and Work in Progress	26	7,542,075	3,570,558
Employee Benefits Expenses	27	55,457,208	49,587,606
Finance Costs	28	7,311,380	7,054,049
Depreciation and Amortization Expense	5	9,218,449	8,394,287
Other Expenses	29	93,088,364	84,948,530
Total Expenses		432,390,386	389,252,980
<b>V Profit/(LOSS) before Exceptional Items &amp; Tax (I-IV)</b>		<b>14,433,274</b>	<b>31,008,037</b>
<b>VI Exceptional Items</b>	30	(100,000)	-
<b>VII Profit before Tax</b>		<b>14,533,274</b>	<b>31,008,037</b>
<b>VIII Tax Expense</b>			
Tax for earlier year		(6,112,529)	(306,870)
Current Tax		(3,500,000)	(4,000,000)
Deffered Tax		3,436,920	342,083
<b>IX Profit / (Loss) for the period from continuing operations (VII-VIII)</b>		<b>8,357,665</b>	<b>27,043,250</b>
<b>X Profit / (Loss) for the period from discontinued operations</b>		-	-
<b>XI Tax Expenses of discontinued operations</b>		-	-
<b>XII Profit / (Loss) for the period from discontinued operations</b>		-	-
<b>XIII Profit / (Loss) for the period (IX + XII)</b>		<b>8,357,665</b>	<b>27,043,250</b>
<b>XIV Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to Profit or Loss		-	-
(ii) Income Tax relating to items that will not be reclassified to Profit or Loss		-	-
B (i) Items that will be reclassified to Profit or Loss		-	-
(ii) Income Tax relating to items that will be reclassified to Profit or Loss		-	-
<b>XV Total comprehensive Income for the period (XII + XIV) Comprising Profit / (Loss) and Other Comprehensive Income for the Period</b>		<b>8,357,665</b>	<b>27,043,250</b>
<b>XVI Earning per Equity Share for continuing operation in Rs (Face value per share Rs 1 each):</b>	31		
1. Basic		0.066	0.214
2. Diluted		0.066	0.214
<b>XVII Earning per Equity Share for discontinuing operation:</b>			
1. Basic		-	-
2. Diluted		-	-
<b>XVIII Earning per Equity Share (for continuing &amp; discontinued operations)</b>			
1. Basic		0.066	0.214
2. Diluted		0.066	0.214

**Significant Accounting Policies and Notes on Financial Statements 1 to 36**

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 : 30th May, 2018

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**

	31.03.2018 (₹ in Lacs)	31.03.2017 (₹ in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	145.33	310.08
<b>Adjustment for:</b>		
Depreciation and amoratisation expense	92.18	83.94
Finance Cost	73.11	70.54
Interest Income	-8.50	-2.86
(Gain)/loss on sale of asset	-1.00	0
<b>Operating Profit before working capital changes</b>	<b>301.12</b>	<b>461.70</b>
<b>Adjustment for:</b>		
Trade payables and other liability	219.48	345.92
Trade receivables	-16.36	-333.62
Inventories	55.18	5.16
Financial and other Assets	-142.41	-419.96
<b>Cash generated from operations</b>	<b>417.01</b>	<b>59.20</b>
<b>Adjustments for:</b>		
Income Taxes paid	-101.13	-70.07
<b>Net Cash from operating activities</b>	<b>315.88</b>	<b>-10.87</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-76.20	-100.14
Sale of property,plant and equipment	1.00	0.00
Interest Income	8.50	2.86
<b>Net Cash used in Investing activities</b>	<b>-66.70</b>	<b>-97.28</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	39.63	12.98
Changes in Long Term Borrowings	-7.13	-9.19
Changes in Short Term Borrowings (Net)	-169.69	153.07
Interest Paid	-73.11	-70.54
<b>Net Cash from Financing activities</b>	<b>-210.30</b>	<b>86.32</b>
<b>Net Increase / (Decrease) in Cash and Cash equivalent (A+B+C)</b>	<b>38.88</b>	<b>-21.83</b>
<b>Cash and Cash Equivalents as at the beginning of the year</b>	<b>62.95</b>	<b>84.78</b>
<b>Cash and Cash Equivalents as at the end of the year</b>	<b>101.83</b>	<b>62.95</b>

**Notes:**

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

Per our report attached  
For **PPKG & Co.,**  
Chartered Accountants  
Firm Regn. No. 009655S  
**Giridhari Lal Toshniwal**  
Partner  
**Membership No. 205140**  
Place: Hyderabad  
Date : 30th May, 2018

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 2016	126,503,000	126,503,000
Changes in equity share capital		
As at 31 March 2017	126,503,000	126,503,000
Changes in equity share capital		
As at 31 March 2018	126,503,000	126,503,000

**B. OTHER EQUITY**

	Share application on money pending allotment	Equity component of financial instrument	Reserves and Securities Premium Reserve	Other Reserve (specify nature)	Retained Earnings	Debt instrument through other Comprehensive Income	Equity instrument through other Comprehensive Income	Effective Portion of Cash Flow Hedges	Effective difference on Translation of the financial statement	Other items of Comprehensive income (Specify nature)	Money Received against Share Capital	Total
Balance at the beginning of the reporting period 2016		725000	6000000	722892	57431213							131904105
Changes in accounting policy or prior period errors												0
Restated balance at the beginning of the reporting period												0
Total Comprehensive Income for the year					23369121							23369121
Dividends												0
Transfer to retained earnings												0
Investment Subsidy					200000							200000
Any Other Change (Depreciation)					-1407366							-1407366
Balance at the end of the reporting period 2016												155865860
Balance at the beginning of the reporting period 2017	-	725000	6000000	722892	80800334	0	0	0	0	0	0	155273226
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	0
Balance at the beginning of the reporting period 2016												



Share application on money pending allotment	Equity component of financial instrument	Reserves and Surplus Capital 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 the financial statement	Other items of Comprehensive income (Specify nature)	Money Received against Share Capital	Total
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	0
Total Comprehensive	0	-	0	0	-	-	0	-	-	-	0
Income for the year	-	-	-	27043250	-	-	-	-	-	-	27043250
Dividends	-	-	-	-	-	-	-	-	-	-	0
Transfer to retained earnings -	-	-	-	-	-	-	-	-	-	-	0
Investment Subsidy	-	-	-	200000	-	-	-	-	-	-	200000
Any Other Change	-	-	-	-1407366	-	-	-	-	-	-	-1407366
Balance at the end of the reporting period 2017	-	-	-	-	-	-	-	-	-	-	182909110
Balance at the beginning of the reporting period 2017	725000	6000000	722892	107843584	-	-	-	-	-	-	182316476
Changes in accounting policy or prior period errors											0
Restated balance at the beginning of the reporting period											0
Total Comprehensive											0
Income for the year				8357665							8357665
Dividends											0
Transfer to retained earnings											0
Investment Subsidy				200000							200000
Any Other Change				-1407366							-1407366
Balance at the end of the reporting period 2018											191266775

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 FINANCIAL STATEMENTS

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31ST MARCH 2018

#### 1. GENERAL INFORMATION

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 Intermediates. The Company has manufacturing facilities in India which caters to both domestic and international markets.

These financial statements for the year ended 31 March 2018 were authorized and approved for issue by the Board of Directors on 30 May 2018.

#### 2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as notified under section 133 of the Companies Act 2013 (“the Act”) read with the Companies (Indian Accounting Standards) Rules 2015 issued by Ministry of Corporate Affairs (‘MCA’). The Company has uniformly applied the accounting policies during the periods presented.

For all periods up to and including the year ended 31 March 2017, the Company has prepared its financial statements in accordance with accounting standards notified under the section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). These financial statements for the year ended 31 March 2018 are the first which the Company has prepared in accordance with Ind AS (see note 36 for explanation for transition to Ind AS). For the purpose of comparatives,

financial statements for the year ended 31 March 2017 are also prepared under Ind AS.

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as “0” in the relevant notes in these financial statements.

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.
- Share based payments which are measured at fair value of the options; and
- Contingent Consideration.

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using the accounting policies and measurement basis summarized below.

##### a. 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 realised 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 assets and liabilities.

**b. Foreign currency**

**Functional and presentation currency**

The financial statements are presented in Indian Rupee ('INR' or '₹') which is also the functional and presentation currency of the Company.

**Transactions and balances**

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

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

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

**c. 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.

GST/Excise duty is a liability of the Company as a manufacturer, which forms part of the cost of production, irrespective of whether the goods are sold or not. Therefore, the recovery of GST/Excise duty flows to the Company on its own account and hence revenue includes GST/Excise duty.

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.

**Service Revenue**

Service income is recognized as per the terms of contracts with the customers when the related services are performed or the agreed milestones are achieved and revenue includes Service tax / GST, wherever applicable.

**Interest Income**

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured at amortised cost, interest income is



recorded using the Effective Interest Rate (EIR) method.

#### **Dividend income**

Dividend income is recognised at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

**Licensing and long term supply arrangements:** Revenue from licensing and long term supply arrangements is recognised in the period in which the Company completes all its performance obligations.

#### **d. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred.

#### **e. Property, plant and equipment (PPE)**

**Recognition and initial measurement**  
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 recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

**Subsequent measurement (depreciation and useful lives)**

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 recognised is derecognised 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 income statement when the asset is derecognised.

#### **Transition to Ind AS**

On transition to Ind AS, the Company has selected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2017 measured as per the provisions of Previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

#### **f. 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.



**Transition to Ind AS**

On transition to IndAS, the company has elected to continue with the carrying value of all its intangible assets recognized as at 1 April 2017 measured as per the provisions of Previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

**g. Operating leases**

Where the lessor effectively retains all risk and benefits of ownership of the leased items, such leases are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of profit and loss on a straight line basis.

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

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the Recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

**i. Financial Instruments**

**Financial assets**

**Initial recognition and measurement**

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

**Subsequent measurement**

i. Debt instruments at amortised cost – A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method.

ii. Equity investments – All Current equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at Fair Value Through Profit And Loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at Fair Value Through Other Comprehensive Income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

iii. All non-current Investments including investment in Associates are valued at cost.

iv. De-recognition of financial assets

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



#### j. Financial liabilities

##### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

##### Subsequent measurement

These liabilities include are borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

##### De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

##### Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.

#### k. Offsetting of 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.

#### l. Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

##### Trade receivables

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

##### Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

#### m. 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.

**n. 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 recognised outside profit or loss (either in other comprehensive income or in equity).

**o. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits, etc. that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**p. Post-employment, long term and short term employee benefits**

**Defined contribution plan**

The Company's contribution to provident fund and employee state insurance schemes is charged to the statement of profit and loss. The Company's contributions towards Provident Fund are deposited with the Regional Provident Fund Commissioner under a defined contribution plan.

**Defined benefit plan**

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.

Short-term employee benefits:

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**q. Share based payments**

The employee benefits expense is measured using the fair value of the employee stock options and is recognised over vesting period with a corresponding increase in equity. The vesting period is the period over which all the specified vesting conditions are to be satisfied.

**r. Provisions, Contingent liabilities and Contingent assets**

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- a. Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- b. Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

**s. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**4. ESTIMATES AND ASSUMPTIONS**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company.

**Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (see note 20).

**Recognition of deferred tax liability on undistributed profits:**

The extent to which the Company can control the timing of reversal of deferred



tax liability on undistributed profits of its subsidiaries requires judgement.

**Evaluation of indicators for impairment of assets:** The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Recoverability of advances/receivables:**

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

**Useful lives of depreciable/amortisable assets:** Management reviews its estimate of the useful lives of depreciable/amortisable assets 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 certain software, customer relationships, IT equipment and other plant and equipment.

**Defined benefit obligation (DBO):** Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**Provisions:**

At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from this judgement.



## NOTE 5

## NON-CURRENT - PROPERTY, PLANT AND EQUIPMENT

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost as on 01-04-2017 ₹	Additions during the year ₹	Sale or adjust- ment ₹	Total as on 31-03-2018 ₹	As on 01-04-2017 ₹	Adjustments Retained Loss ₹	For the year 2017-18 ₹	Total Upto 31-03-2018 ₹	As on 31-03-2018 ₹	As on 31-03-2017 ₹
Land	84,181,540	-	-	84,181,540	-	-	-	-	84,181,540	84,181,540
Building	16,978,278	3,283,977	-	20,262,255	9,386,325	-	549,740	9,936,065	10,326,190	7,591,951
Plant & Machinery	137,742,636	5,759,878	624,000	142,878,514	87,870,485	624,000	5,508,986	92,755,471	50,123,043	49,872,151
Furniture & Fixtures	27,475,057	896,502	-	28,371,559	20,921,444	-	1,804,988	22,726,432	5,645,127	6,553,612
Motor Vehicles	13,572,142	-	-	13,572,142	6,679,998	-	1,354,735	8,034,733	5,537,409	6,892,145
Capital Work in Progress	2,319,990	-	2,319,990	-	-	-	-	-	-	2,319,990
<b>Total</b>	<b>282,269,643</b>	<b>9,940,357</b>	<b>2,943,990</b>	<b>289,266,010</b>	<b>124,858,252</b>	<b>624,000</b>	<b>9,218,449</b>	<b>133,452,701</b>	<b>155,813,309</b>	<b>157,411,391</b>
Previous Year	272,255,709	11,187,534	1,173,600	282,269,643	116,463,965	-	8,394,287	124,858,252	157,411,391	

**Gennex Laboratories Limited**

	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
<b>6 FINANCIAL ASSETS</b>		
<b>Unquoted</b>		
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>
<b>7 OTHER NON CURRENT ASSETS</b>		
Security Deposit	2,203,697	2,203,697
Prepaid Expenses	17,797	10,636
Total	<u>2,221,494</u>	<u>2,214,333</u>
<b>8 INVENTORIES (As valued and certified by Management)</b>		
i. Raw Materials	10,094,095	8,581,807
ii. Work-in-process	8,888,319	12,282,243
iii. Finished Goods	2,654,347	6,802,497
iv. Stores & Spares	1,043,019	665,192
v. Packing Material	540,382	449,524
vi. Coal & Diesel	166,242	123,153
Total	<u>23,386,404</u>	<u>28,904,416</u>
<b>9 TRADE RECEIVABLES</b>		
Unsecured and Considered Good		
Outstanding for more than 6 months	7,942,820	10,496,697
Others	96,648,322	92,458,839
Total	<u>104,591,142</u>	<u>102,955,536</u>
<b>10 CASH AND CASH EQUIVALENTS</b>		
a. Cash on hand	565,357	36,887
b. Balances with Banks		
i. In Current Accounts	609,574	509,543
ii. In Deposit Accounts (Margin Money against LCs/BG)	9,007,722	4,091,726
iii. Cheques in hand	-	1,657,061
Total	<u>10,182,653</u>	<u>6,295,217</u>



	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
<b>11 OTHER FINANCIAL ASSETS - SHORT TERM LOANS &amp; ADVANCES</b>		
a. Loans and advances to related parties Unsecured, considered good	—	—
b. Loans and advances to employees Unsecured, considered good	22,729,469	16,835,344
c. Prepaid Expenses Unsecured, considered good	603,402	678,760
d. Balances with Government Authorities Unsecured, considered good		
i. CENVAT credit receivable	-	1,159,059
ii. GST credit receivable	14,225,224	-
iii. Balances with Central Excise Deptt	24,833	24,833
iv. VAT credit receivable	10,429,112	9,536,352
v. Service Tax	-	2,785,974
vi. MEIS claim receivable	5,592,499	-
e. Advances to Contractors, Suppliers Unsecured, considered good	6,868,644	1,557,839
f. Advances recoverable cash or in kind	77,722,031	91,625,212
Total	<u>138,195,213</u>	<u>124,203,373</u>
<b>12 OTHER CURRENT ASSETS</b>		
Accrued Interest	264,220	71,135
Total	<u>264,220</u>	<u>71,135</u>

**Gennex Laboratories Limited**

	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
<b>13 SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
<b>Equity Shares</b>		
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>
Total	<u>160,000,000</u>	<u>160,000,000</u>
<b>13.1 Issued, Subscribed &amp; Paid-Up</b>		
<b>Equity Shares</b>		
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>
13.2.1 All Equity Shares issued by the company carry equal voting and participatory rights.		
13.2.2 The details of share holders holding more that 5% shares:		
	As at <u>31st March, 2018</u>	As at <u>31st March, 2017</u>
	No. of Shares	No. of Shares
	%	%
	Held	Held
Premier Fiscal Services (P) Ltd	25,000,000 19.76	*25,000,000 19.76
<b>13.2.3 The reconciliation of the no. of shares outstanding is set out below:</b>		
Equity Shares at the beginning of the year	126,503,000	126,503,000
Equity Shares at the end of the year	126,503,000	126,503,000
	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
<b>14 OTHER EQUITY</b>		
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	(1,407,366)	(1,407,366)
Retained Earnings:		
Balance in Profit & Loss		
Balance at the beginning of the year	107,843,584	57,431,213
Add: Profit for the year	8,357,665	27,043,250
Balance at the Closing of the year	116,201,249	107,843,584
Total	<u>191,266,775</u>	<u>182,909,110</u>



	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
<b>BORROWINGS</b>		
<b>15 NON-CURRENT LONG TERM</b>		
<b>(Secured against the hypothecated assets procured out of Loan)</b>		
<b>Banks</b>		
State Bank of India - Term Loan	3,170,400	-
HDFC Bank Ltd.	-	94,204
ICICI Bank Ltd.	315,162	760,644
Total	<u>3,485,562</u>	<u>854,848</u>
<b>16 OTHERS</b>		
Unsecured Sales Tax Deferment (Govt.)	826,878	1,001,085
Total	<u>826,878</u>	<u>1,001,085</u>
16.1 Sales Tax deferment availed till the current account period is due for repayment after 12 months from Balance Sheet as under:		
Year of Repayment		
2018-19	174,207	174,207
2019-20	277,545	277,545
2020-21	394,431	394,431
2021-22	154,902	154,902
Total	<u>1,001,085</u>	<u>1,001,085</u>
<b>17 DEFERRED TAX (LIABILITY)/ASSETS</b>		
a. Diff. between Book & Tax Depreciation (Liability)	8,526,658	11,256,139
b. Others	(2,474,737)	(1,767,298)
Total	<u>6,051,921</u>	<u>9,488,841</u>
Net Deferred Tax Liability/(Assets)	<u>6,051,921</u>	<u>9,488,841</u>

**Gennex Laboratories Limited**

	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
<b>18 CURRENT BORROWINGS</b>		
<b>a. Secured</b>		
From Banks - Secured		
State Bank of Hyderabad	19,872,253	32,967,762
(The due to State Bank of Hyderabad - 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 Hyderabad - Term Loan - Secured against (Exclusive First charge on Fixed Assets of the Company)	804,297	3,931,299
<b>Loan - Secured</b> <b>(Secured against the hypothecated assets procured out of Loan)</b>		
HDFC Bank Ltd.	94,204	211,045
ICICI Bank Ltd.	445,482	405,822
Total	<u>21,216,236</u>	<u>37,515,928</u>
<b>b. Unsecured</b>		
Sales Tax Deferment	596,457	425,358
Total	<u>596,457</u>	<u>425,358</u>
<b>19 TRADE PAYABLES</b>		
Trade Payable	121,644,060	94,572,340
Total	<u>121,644,060</u>	<u>94,572,340</u>
19.1 Dues to Micro, Small and Medium enterprises has been determined to be ₹ -Nil- to the extent such parties have been identified on the basis of information available with the company.		
<b>20 OTHER CURRENT LIABILITIES</b>		
Creditors for Capital Goods	1,945,700	2,240,732
Advances from Customers	555,317	198,119
Other Liabilities	26,541,260	31,305,534
Sales Tax Deferrment	174,207	596,457
Total	<u>29,216,484</u>	<u>34,340,842</u>
20.1 Other liabilities consist of PF, ESI, Service Tax, TDS, GST and TCS payable etc.		
<b>21 PROVISIONS</b>		
Provision for Leave Encashment	1,128,939	1,006,000
Total	<u>1,128,939</u>	<u>1,006,000</u>
<b>22 CURRENT TAX LIABILITIES</b>		
Current Tax Liabilities (Net)	3,414,580	3,963,410
Total	<u>3,414,580</u>	<u>3,963,410</u>





	Year ended 31st March, 2018 ₹	Year ended 31st March, 2017 ₹
<b>23 REVENUE FROM OPERATION</b>		
Sale of Products	471,839,820	433,064,586
Other Operating Revenues	887,255	1,796,870
	<b>472,727,075</b>	<b>434,861,456</b>
Less: Excise Duty/GST	34,939,234	15,789,253
Net Revenue from Operation	<b>437,787,841</b>	<b>419,072,203</b>
<b>24 OTHER INCOME</b>		
Interest Income (TDS ₹ 85,420; Previous Year ₹ 18,700)	850,074	286,229
Insurance Claim Received	422,171	12,019
Miscellaneous Income	1,994	500
MEIS Benefit	5,592,499	-
Sundry balances written back	575,931	-
Duty Draw Back	1,593,150	890,066
Total	<b>9,035,819</b>	<b>1,188,814</b>
<b>25 COST OF RAW MATERIAL CONSUMED</b>		
Opening Stocks	8,581,807	5,450,060
Add: Purchases	258,284,209	238,829,696
Total	<b>266,866,016</b>	<b>244,279,756</b>
Less: Closing Stocks	10,094,095	8,581,807
Cost of Raw Material Consumed	<b>256,771,921</b>	<b>235,697,949</b>
<b>26 CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE &amp; WORK IN PROGRESS</b>		
Opening Stocks		
Work in Progress	12,282,243	3,497,065
Finished Goods	6,802,497	19,158,233
Total	<b>19,084,740</b>	<b>22,655,298</b>
Closing Stocks		
Work in Progress	8,888,319	12,282,243
Finished Goods	2,654,346	6,802,497
Finished Goods IN TRANSIT	-	-
Total	<b>11,542,665</b>	<b>19,084,740</b>
Changes in Stock	<b>7,542,075</b>	<b>3,570,558</b>
<b>27 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	46,187,937	43,279,175
Contributions to Provident and other funds	2,564,157	1,952,623
Gratuity	3,511,688	1,316,302
Staff Welfare expenses	3,193,426	3,039,506
Total	<b>55,457,208</b>	<b>49,587,606</b>

**Gennex Laboratories Limited**

	Year ended 31st March, 2018	Year ended 31st March, 2017
	₹	₹
<b>28 FINANCE COST</b>		
Interest on Working Capital	2,179,374	3,027,094
Interest on Term Loan	322,168	934,432
Bank Charges	4,809,838	3,092,524
Total	<u>7,311,380</u>	<u>7,054,050</u>
<b>29 OTHER EXPENSES</b>		
Pollution Expenses	9,263,351	9,127,260
Consultancy & Legal Expenses	3,140,093	4,829,075
Rent & Facilities	1,972,775	1,697,284
Electricity Charges	716,818	1,180,191
Security Charges	751,138	681,701
Printing & Stationery	1,150,451	853,037
Communication Expenses	1,468,770	1,385,979
Insurance	888,729	812,108
Travelling & Conveyance Exp.	5,302,176	8,039,587
Selling Expenses	4,471,752	5,426,454
Carriage Outwards	10,359,402	6,717,542
Auditors' Remuneration:		
i. Audit Fees	137,400	137,400
ii. Tax Audit Fees	34,350	34,350
iii. Certification & Other	120,000	122,118
iv. Audit Fees - Branch	<u>11,000</u>	<u>2,100</u>
	302,750	242,850
Vehicle Maintenance	294,173	391,002
Sales Tax	42,098	177,186
Exchange Rate Fluctuation	762,470	432,931
Miscellaneous Expenses	4,946,918	5,555,050
Sundry Balances Written Off (Net)	-	5,176
Stores, Spares & Others	8,419,515	6,920,740
Packing Material	9,005,052	8,381,479
Power & Fuels	21,844,406	18,560,571
Repairs & Maintenance - Buildings	659,767	327,961
Repairs & Maintenance - Plant & Machinery	1,318,002	1,159,369
Repairs & Maintenance - Others	546,439	640,772
Job Work Charges	<u>5,461,319</u>	<u>1,403,225</u>
Total	<u>93,088,364</u>	<u>84,948,530</u>



	Year ended 31st March, 2018 ₹	Year ended 31st March, 2017 ₹
<b>30 EXCEPTIONAL ITEMS</b>		
Profit/Loss on Sale of Fixed Assets	(100,000)	-
<b>31 EARNING PER SHARE</b>		
Net Profit the basic EPS	8,357,665	27,043,250
Weighted Average No. of Shares	126,503,000	126,503,000
Annualized Basic Earning per share	0.066	0.214
<b>32 CONTINGENT LIABILITY</b>		
i. Income-tax where appeals/petitions are pending with Various Authorities	*57.76	*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.		
<b>33 Additional information pursuant to paragraphs 5 (viii) of part II of Schedule VI to the Companies Act, 1956 are as follows:</b>		
A. C.I.F. value of imports by the Company (Excluding imported items purchased locally)		
Raw Materials	20,473,189	14,952,663
Fixed Assets	5,247,719	-
B. Expenditure in foreign currency during the year:		
a. Foreign Travel Expenses	459,153	953,907
b. Sales Commission	922,689	794,948
c. Bank Charges	502,362	369,786
C. Details of consumption of imported and indigenous items		
	Year ended 31st March, 2018 ₹	Year ended 31st March, 2018 %
Imported		
Raw Material	18,660,490	7%
	(13,230,756)	6%
Indigenous		
Raw material	238,111,431	93%
	(222,467,193)	94%
Stores, Spares Parts & Components	8,419,515	100%
	(6,920,740)	100%
Total	265,191,436	
	(242,618,689)	

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 31st March, 2018	As at 31st March, 2018
Germany	47.62 (81.86)	- -
Egypt	301.00 (239.13)	44.39 (85.42)
Iran	89.35 (218.07)	39.00 (76.20)
Peru	133.10 (149.99)	- (9.24)
Bangladesh	208.01 (132.03)	44.68 (19.16)
Spain	0.01 (179.88)	- (34.08)
Guatemala City	183.26 (131.75)	27.64 (25.53)
El Salvador	- (40.03)	- (15.82)
Vietnam	145.54 (27.15)	- -
Export Others	162.51 (216.54)	50.91 (332.79)
India	3107.48 (2,774.29)	839.29 (431.31)

Note: Figures in brackets relates to the previous year.

Particulars	Year ended	Year ended
	31st March, 2018	31st March, 2017
E. Earning in Foreign Currency on F.O.B. basis		
Export of Goods	<b>117,576,336</b>	131,579,311

**34 RELATED PARTY TRANSACTIONS (Accounting Standard-18)**

Name & Relationship	Nature of Transaction	Amount (₹)
1 Mr. Arihant Baid Managing Director	Remuneration	2,400,000
Mr. T.M. Gopalakrishnan Whole-Time Director	Remuneration	2,216,800



**35 EMPLOYEES BENEFITS:**

35.1 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.

35.2 Defined Contribution Plan:

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

Employer's Contribution to Provident/Pension Fund - Rs. 1750701/-

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 Rs. 1128939/- towards Leave encashment based on actuarial valuation.

35.3 Balances of Current Assets, Other Non-Current Assets, Non Current Liabilities, Other Non-Current Liabilities, Current Liabilities & other Current Liabilities are subject to confirmation by respective parties.

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

35.5 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. 29. 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, 2018*	as at March 31, 2017
Payables:		
Not later than one year	16.96	15.22
Later than one year but not later than 3 years	21.81	2.58
Later than 3 years	0.00	0.00

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

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

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

35.8 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 31st March, 2018.

35.9 Investment Subsidy received from Andhra Pradesh Government is shown under Reserve and Surplus.

Per our report attached  
For **PPKG & Co.,**  
Chartered Accountants  
Firm Regn. No. 009655S  
**Giridhari Lal Toshniwal**  
Partner  
**Membership No. 205140**  
Place: Hyderabad  
Date : 30th May, 2018

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

**Laxmipat Baid**  
Chief Financial Officer

**T.M. Gopalakrishnan**  
Whole Time Director



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**NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION**

(All amounts in lakhs, except share data and where otherwise stated)

**36. FIRST TIME ADOPTION OF IND AS**

These are the first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 3 have been applied in preparing the Financial Statements for the year ended 31 March 2018, the comparative information presented in these Financial Statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2017 (the entity's date of transition). An explanation of how the transition from previous GAAP to Ind AS has affected the Entity's financial position, financial performance and cash flows is set out in the following tables and notes.

**A. Ind AS optional exemptions**

**A1 Deemed cost for property, plant and equipment, investment property and intangible assets**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by

Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties. Accordingly, the Entity has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

**B. Ind AS mandatory exemptions B1 Estimates**

An Entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

**B2 Classification and measurement of financial assets and liabilities**

- \* The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.
- \* Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the Entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- a. The effects of the retrospective application or retrospective restatement are not determinable;
- b. The retrospective application or restatement requires assumptions about what management's intent would have been in that period;

The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

**B3 De-recognition of financial assets and liabilities**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the Entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Entity has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.



### C. Reconciliations between previous GAAP and Ind AS

Equity at the date of transition to Ind AS i.e. 1 April 2017 and 31 March 2018 can be reconciled with the amounts reported under Indian GAAP as follows:

*(All amounts in millions, except share data and where otherwise stated)*

	As at 31 March 2018		As at 31 March 2017		As per Ind AS	
	As per IGAAP*	Adjust-ments	As per Ind AS	As per IGAAP*		
<b>ASSETS</b>						
<b>Non-current assets</b>						
a. Property, plant and equipment	1558.13	0.00	1558.13	1550.91	0.00	550.91
b. Capital work-in-progress	0.00	0.00	0.00	23.20	0.00	23.20
c. Other intangible assets	0.00	0.00	0.00	0.00	0.00	0.00
d. Financial assets						
Investments in Associates	700.00	0.00	700.00	700.00	0.00	700.00
Other Investments	1.00	0.00	1.00	1.00	0.00	1.00
Other financial assets	0.00	0.00	0.00	0.00	0.00	0.00
e. Other non-current assets	22.22	0.00	22.22	22.15	0.00	22.15
	<b>2281.35</b>	<b>0.00</b>	<b>2281.35</b>	<b>2297.26</b>	<b>0.00</b>	<b>2297.26</b>
<b>CURRENT ASSETS</b>						
a. Inventories	233.86	0.00	233.86	289.04	0.00	289.04
b. Financial Assets						
Investments						
Trade receivables	1045.91	0.00	1045.91	1029.56	0.00	1029.56
Cash and cash equivalents	5.65	0.00	5.65	0.37	0.00	0.37
Other bank balances	96.17	0.00	96.17	62.58	0.00	62.58
Loans	0.00	0.00	0.00	0.00	0.00	0.00
Other financial assets	0.00	0.00	0.00	0.00	0.00	0.00
c. Income tax assets (net)	3.50	0.00	3.50	1.08	0.00	1.08
d. Other current assets	1381.96	0.00	1381.96	1242.03	0.00	1242.03
	<b>2767.05</b>	<b>0.00</b>	<b>2767.05</b>	<b>2624.66</b>	<b>0.00</b>	<b>2624.66</b>
<b>Total assets</b>	<b>5048.40</b>	<b>0.00</b>	<b>5048.40</b>	<b>4921.92</b>	<b>0.00</b>	<b>4921.92</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
a. Equity share capital	1265.03	0.00	1265.03	1265.03	0.00	1265.03
b. Other equity	1912.67	0.00	1912.67	1829.09	0.00	1829.09
Equity attributable to owners	3177.70	0.00	3177.70	3094.12	0.00	3094.12
Non-controlling interest	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total of Equity</b>	<b>3177.70</b>	<b>0.00</b>	<b>3177.70</b>	<b>3094.12</b>	<b>0.00</b>	<b>3094.12</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
a. Financial liabilities						
Borrowings	34.86	0.00	34.86	8.55	0.00	8.55
Other financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00
b. Employee benefit obligations	0.00	0.00	0.00	0.00	0.00	0.00
c. Deferred tax liabilities (net)	60.52	0.00	60.52	94.89	0.00	94.89
d. Other non-current liabilities	8.26	0.00	8.26	10.01	0.00	10.01
	<b>103.64</b>	<b>0.00</b>	<b>103.64</b>	<b>113.45</b>	<b>0.00</b>	<b>113.45</b>

**Current liabilities**

a. Financial liabilities						
Borrowings	212.16	0.00	212.16	375.16	0.00	375.16
Trade payables	1235.90	0.00	1235.90	945.72	0.00	945.72
Other financial liabilities	272.71	0.00	272.71	343.41	0.00	343.41
b. Other current liabilities	11.29	0.00	11.29	10.06	0.00	10.06
c. Employee benefit obligations	0.00	0.00	0.00	0.00	0.00	0.00
d. Current tax liabilities (net)	35.00	0.00	35.00	40.00	0.00	40.00
<b>Total equity and liabilities</b>	<b>5048.40</b>	<b>0.00</b>	<b>5048.40</b>	<b>4921.92</b>	<b>0.00</b>	<b>4921.92</b>

\*The IGAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

**There is no such effect on retained earnings and equity:**

	For the year ended 31 March 2018		
	As per IGAAP*	Adjustments	As per Ind AS
<b>REVENUE</b>			
Revenue from operations	4377.88	0.00	4377.88
Other income	90.35	0.00	90.35
<b>Total revenues</b>	<b>4468.23</b>	<b>0.00</b>	<b>4468.23</b>
<b>EXPENSES</b>			
Cost of materials consumed	2567.72	0.00	2567.72
Purchases of stock-in-trade	30.01	0.00	30.01
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	75.42	0.00	75.42
Employee benefits expense	554.57	0.00	554.57
Finance costs	73.11	0.00	73.11
Depreciation and amortisation expense	92.19	0.00	92.19
Other expenses	930.88	0.00	930.88
<b>Total expenses</b>	<b>4323.90</b>	<b>0.00</b>	<b>4323.90</b>
<b>Exceptional Item</b>	<b>1.00</b>	<b>0.00</b>	<b>1.00</b>
<b>Profit before tax</b>	<b>145.33</b>	<b>0.00</b>	<b>145.33</b>
Earlier Tax expense	(61.12)	00.0	(61.12)
Current tax	(35)	00.0	(35)
Deferred tax	34.36	00.0	34.36
<b>Profit from continuing operation</b>	<b>83.58</b>	<b>00.0</b>	<b>83.57</b>
Profit from discontinued operations	0.00	0.00	0.00
Tax expense on discontinued operations	0.00	0.00	0.00
<b>Profit from discontinued operations, net of tax</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Profit after tax</b>	<b>83.58</b>	<b>0.00</b>	<b>83.58</b>
<b>Non-controlling interest (NCI)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Profit after tax and NCI</b>	<b>83.58</b>	<b>0.00</b>	<b>83.58</b>

**OTHER COMPREHENSIVE INCOME****Items that will not be reclassified to profit or loss**

Re-measurement gains (losses) on defined benefit plans.	-
Net (loss)/gain on FVTOCI equity securities	-
Exchange differences on translation of foreign operations	-
Income tax relating to items that will not be reclassified to profit or loss	-
Re-measurement gains (losses) on defined benefit plans	-
Net (loss)/gain on FVTOCI equity securities	-

**Total comprehensive income for the year**

\*The IGAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.





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**INDEPENDENT AUDITOR'S REPORT**

To  
The Board of Directors of  
Gennex Laboratories Limited

1. We have audited the accompanying statement of Consolidated financial results of **Gennex Laboratories Limited** ("the company") for the year ended March 31, 2018 and its Associate (together referred as "the Group") for the year ended March 31, 2018 ("the Statement"), attached hereto being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations') as modified by SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 05, 2016, which has been initiated by us for the purpose of identification.
2. The Statement and the Consolidated Annual Financial Statements which form the basis for this Statement are the responsibility of the Company's Management and have been reviewed by the Audit Committee and approved by its Board of Directors, and have been prepared in accordance with the Accounting Standard prescribed under Section 133 of the Companies Act, 2013 read with the relevant Rules there under, as applicable, and other accounting Principles generally accepted in India. Our responsibility is to express an opinion on the Consolidated Financial Statements, based on our audit thereof.
3. We conducted our Audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the statement. The

procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal financial control relevant to the entity's preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal financial control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**4. BASIS FOR QUALIFIED OPINION**

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.

**5. QUALIFIED OPINION**

In our opinion and to best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph;

- i. the Statement, together with the notes thereon are presented in the format prescribed under Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and



SEBI Circular dated 5 July 2016; and

- ii. the statement, gives true and fair view in conformity with Ind AS and other Accounting Principles generally accepted in India of the loss for the quarter and profit for the year, the total Comprehensive Income and other financial information of the Company for the Quarter and year ended 31<sup>st</sup> March, 2018.

**6. EMPHASIS OF MATTER**

The Financial Statement which describes pending registration formalities for land acquired. Our opinion is not qualified in respect of this matter.

7. We did not audit the financial statements of Associate Company included in the Consolidated Financial Results, 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 results, in so far as it relates to the amounts and disclosures included in respect of this Associate is based solely on the reports of the other auditors.

8. The Statement includes the results for the Quarter ended 31<sup>st</sup> March, 2018 being the balancing figure between the audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by erstwhile Auditors.

**Other Matters**

9. The Comparative figures of the Quarter and year ended March 31, 2017 prepared in accordance with applicable Indian Accounting Standards (Ind AS) were audited by the erstwhile auditors who had expressed modified opinion on these financial results/financial statements vide their reports dated 30.05.2017

For **PPKG & Co.**,  
Chartered Accountants

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

Place: Hyderabad  
Date: 30.05.2018

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018**

	Note No.	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
<b>1 ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	5	155,813,309	155,091,401	154,618,144
Capital work-in-progress		-	2,319,990	1,173,600
<b>Investment property</b>		-	-	-
<b>Goodwill</b>		-	-	-
<b>Financial Assets</b>				
Investments in Associate	6	69,905,284	69,955,527	70,000,000
Other Investment		100,000	100,000	100,000
Loans, non-current		-	-	-
<b>Other non-current financial assets</b>		-	-	-
Deferred Tax Assets (Net)		-	-	-
Other non-current assets	7	2,221,494	2,214,333	2,397,479
<b>2 Current Assets</b>				
Inventories	8	23,386,404	28,904,416	29,420,141
<b>Financial Assets</b>				
Trade receivables, Current	9	104,591,142	102,955,537	69,593,385
Cash and Cash Equivalents	10	565,357	36,887	316,377
Bank Balance other than Cash and Cash Equivalents		9,617,296	6,258,330	8,161,322
Other Financial Assets	11	138,195,213	124,203,375	81,738,264
<b>Current tax assets (Net)</b>				
<b>Other Current Assets</b>	12	264,220	71,135	347,231
<b>Total Assets</b>		<b>504,659,719</b>	<b>492,110,932</b>	<b>417,865,943</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1 Equity</b>				
Equity Share Capital	13	126,503,000	126,503,000	126,503,000
Other Equity	14	191,172,059	182,864,637	155,865,860
<b>Non-Current Liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	15	3,485,562	854,848	305,249
Others	16	826,878	1,001,085	1,172,184
Provisions		-	-	-
<b>Deferred Tax Liabilities (Net)</b>	17	6,051,921	9,488,841	9,830,924
Other Non-Current Liabilities				
<b>2 Current Liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	18	21,216,236	37,515,928	22,379,220
Trade Payables	19	121,644,060	94,572,340	70,465,023
Others	20	29,216,484	34,340,842	23,812,750
<b>Other Current Liabilities</b>				
Provisions	21	1,128,939	1,006,000	878,000
Current Tax Liabilities (Net)	22	3,414,580	3,963,410	6,653,733
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>504,659,719</b>	<b>492,110,932</b>	<b>417,865,943</b>

**Significant Accounting Policies and Notes on Financial Statements 1 to 36**

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 : 30th May, 2018

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 31st March, 2018**

	Note No.	Year Ended 31st March, 2018 ₹	Year Ended 31st March, 2017 ₹
<b>I Revenue from Operations</b>	23	437,787,841	419,072,203
<b>II Other Income</b>	24	9,035,819	1,188,814
<b>III Total Income (I+II)</b>		446,823,660	420,261,017
<b>IV Expenses:</b>			
Cost of Raw Material Consumed	25	256,771,921	235,697,949
Purchase of Stock-in-trade		3,000,989	-
Change in Inventories of finished goods, Stock in Trade and Work in Progress	26	7,542,075	3,570,558
Employee Benefits Expenses	27	55,457,208	49,587,606
Finance Costs	28	7,311,380	7,054,049
Depreciation and Amortization Expense	6	9,218,449	8,394,287
Other Expenses (IV)	29	93,088,364	84,948,530
Total Expenses		432,390,386	389,252,980
<b>V Profit/(LOSS) before Exceptional Items &amp; Tax (I-IV)</b>		14,433,274	31,008,037
<b>VI Exceptional Items</b>	30	(100,000)	-
<b>VII Profit before Tax</b>		14,533,274	31,008,037
<b>VIII Tax Expense</b>			
Tax for earlier year		(6,112,529)	(306,870)
Current Tax		(3,500,000)	(4,000,000)
Deffered Tax		3,436,920	342,083
<b>IX Profit / (Loss) for the period from continuing operations (VII-VIII)</b>		8,357,665	27,043,250
<b>X Profit / (Loss) for the period from discontinued operations</b>		-	-
<b>XI Tax Expenses of discontinued operations</b>		-	-
<b>XII Profit / (Loss) for the period from discontinued operations</b>		-	-
<b>XIII Profit / (Loss) for the period (IX + XII)</b>		8,357,665	27,043,250
<b>XIV Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to Profit or Loss		-	-
(ii) Income Tax relating to items that will not be reclassified to Profit or Loss		-	-
B (i) Items that will be reclassified to Profit or Loss		-	-
(ii) Income Tax relating to items that will be reclassified to Profit or Loss		-	-
<b>XV Total comprehensive Income for the period (XII + XIV) Comprising Profit / (Loss) and Other Comprehensive Income for the Period</b>		8,357,665	27,043,250
<b>XVI Earning per Equity Share for continuing operation in Rs (Face value per share Rs 1 each):</b>	31		
1. Basic		0.066	0.214
2. Diluted		0.066	0.214
<b>XVII Earning per Equity Share for discontinuing operation:</b>			
1. Basic		-	-
2. Diluted		-	-
<b>XVIII Earning per Equity Share (for continuing &amp; discontinued operations)</b>			
1. Basic		0.066	0.214
2. Diluted		0.066	0.214

**Significant Accounting Policies and Notes on Financial Statements 1 to 36**

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: 30th May, 2018

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

**Laxmipat Baid**  
Chief Financial Officer

**T.M. Gopalakrishnan**  
Whole Time Director



	31.03.2018 (₹ in Lacs)	31.03.2017 (₹ in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before Tax</b>	<b>145.33</b>	<b>310.08</b>
<b>Adjustment for:</b>		
Depreciation and amoratisation expense	92.18	83.94
Finance Cost	73.11	70.54
Interest Income	-8.50	-2.86
Income from insurance claims	0.00	0.00
(Gain)/loss on sale of asset	-1.00	0
<b>Operating Profit before working capital changes</b>	<b>301.12</b>	<b>461.70</b>
<b>Adjustment for:</b>		
Trade payables and other liability	219.48	345.92
Trade receivables	-16.36	-333.62
Inventories	55.18	5.16
Financial and other Assets	-142.41	-419.96
<b>Cash generated from operations</b>	<b>417.01</b>	<b>59.20</b>
<b>Adjustments for:</b>		
Income Taxes paid	-101.13	-70.07
<b>Net Cash from operating activities</b>	<b>315.88</b>	<b>-10.87</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-76.20	-100.14
Sale of property, plant and equipment	1.00	0.00
Interest Income	8.50	2.86
<b>Net Cash used in Investing activities</b>	<b>-66.70</b>	<b>-97.28</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	39.63	12.98
Changes in Long Term Borrowings	-7.13	-9.19
Changes in Short Term Borrowings (Net)	-169.69	153.07
Interest Paid	-73.11	-70.54
<b>Net Cash from Financing activities</b>	<b>-210.30</b>	<b>86.32</b>
<b>Net Increase / (Decrease) in Cash and Cash equivalent (A+B+C)</b>	<b>38.88</b>	<b>-21.83</b>
<b>Cash and Cash Equivalents as at the beginning of the year</b>	<b>62.95</b>	<b>84.78</b>
<b>Cash and Cash Equivalents as at the end of the year</b>	<b>101.83</b>	<b>62.95</b>

**Notes:**

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

Per our report attached  
For **PPKG & Co.,**  
Chartered Accountants  
Firm Regn. No. 009655S  
**Giridhari Lal Toshniwal**  
Partner  
Membership No. 205140  
Place: Hyderabad  
Date : 30th May, 2018

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 2016	126,503,000	126,503,000
Changes in equity share capital		
As at 31 March 2017	126,503,000	126,503,000
Changes in equity share capital		
As at 31 March 2018	126,503,000	126,503,000

**B. OTHER EQUITY**

	Share application on money pending allotment	Equity component of financial instrument	Reserves and Securities Premium Reserve	Other Reserve (specify nature)	Retained Earnings	Debt instrument through other Comprehensive Income	Equity instrument through other Comprehensive Income	Effective Portion of Cash Flow Hedges	Effective difference on Translation of the financial statement	Other items of Comprehensive income (Specify nature)	Money Received against Share Capital	Total
Balance at the beginning of the reporting period 2016		725000	6000000	722892	57431213							131904105
Changes in accounting policy or prior period errors												0
Restated balance at the beginning of the reporting period												0
Total Comprehensive Income for the year					23369121							23369121
Dividends												0
Transfer to retained earnings												0
Investment Subsidy					200000							200000
Any Other Change (Depreciation)					-1407366							-1407366
Balance at the end of the reporting period 2016												155865860
Balance at the beginning of the reporting period 2017	-	725000	6000000	722892	80800334	0	0	0	0	0	0	155273226
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	0
Balance at the beginning of the reporting period 2016												



Share application on money pending allotment	Equity component of financial instrument	Reserves and Surplus Capital Reserve	Other Securities 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
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	0
Total Comprehensive	0	-	0	0	-	-	0	-	-	-	0
Income for the year	-	-	-	27043250	-	-	-	-	-	-	27043250
Dividends	-	-	-	-	-	-	-	-	-	-	0
Transfer to retained earnings -	-	-	-	-	-	-	-	-	-	-	0
Investment Subsidy	-	-	-	200000	-	-	-	-	-	-	200000
Any Other Change	-	-	-	-1407366	-	-	-	-	-	-	-1407366
Balance at the end of the reporting period 2017	-	-	-	-	-	-	-	-	-	-	182909110
Balance at the beginning of the reporting period 2017		725000	6000000	7222892	107843584						182316476
Changes in accounting policy or prior period errors											0
Restated balance at the beginning of the reporting period											0
Total Comprehensive											0
Income for the year				8357665							8357665
Dividends											0
Transfer to retained earnings											0
Investment Subsidy				200000							200000
Any Other Change				-1407366							-1407366
Balance at the end of the reporting period 2018											191266775

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 FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31ST MARCH 2018**

**1. GENERAL INFORMATION**

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 Inter-mediate. The Company has manufacturing facilities in India which caters to both domestic and international markets.

These financial statements for the year ended 31 March 2018 were authorized and approved for issue by the Board of Directors on 30 May 2018.

**2. BASIS OF PREPARATION**

**i. Compliance with IND AS**

The Consolidated Financial Statements of the Group have been prepared in accordance with the Indian Accounting Standards as notified under section 133 of the Companies Act 2013 (“the Act”) read with the Companies (Indian Accounting Standards) Rules 2015 issued by Ministry of Corporate Affairs (‘MCA’). The Group has uniformly applied the accounting policies during the periods presented.

For all periods up to and including the year ended 31 March 2017, the Group has prepared its Consolidated Financial Statements in accordance with accounting standards notified under the section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). These financial statements for the year ended 31 March 2018 are the first which the Group has prepared in accordance with Ind AS (see note 36 for explanation for transition to Ind

AS). For the purpose of comparatives, financial statements for the year ended 31 March 2017 are also prepared under Ind AS.

Transactions and balances with values below the rounding off norm adopted by the Group have been reflected as “0” in the relevant notes in these financial statements.

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.
- Share based payments which are measured at fair value of the options; and
- Contingent Consideration.

**ii. Principles of Consolidation**

The Company is having one associate by name M/s. Deccan Remedies Ltd., having 44.26% of holding and for consolidation Equity method is adopted.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Consolidated Financial Statements have been prepared using the accounting policies and measurement basis summarized below.

**a. Current versus non-current classification** The Group 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 realised 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 assets and liabilities.

#### **b. Foreign currency**

##### **Functional and presentation currency**

The Consolidated Financial Statements are presented in Indian Rupee ('INR' or '₹') which is also the functional and presentation currency of the Company.

##### **Transactions and balances**

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

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that

existed when the values were determined.

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

#### **c. Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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.

GST/Excise duty is a liability of the Group as a manufacturer, which forms part of the cost of production, irrespective of whether the goods are sold or not. Therefore, the recovery of GST/Excise duty flows to the Group on its own account and hence revenue includes GST/Excise duty.

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.

##### **Service Revenue**

Service income is recognized as per the terms of contracts with the customers when the related services are performed



or the agreed milestones are achieved and revenue includes Service tax / GST, wherever applicable.

**Interest Income**

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured at amortised cost, interest income is recorded using the Effective Interest Rate (EIR) method.

**Dividend income**

Dividend income is recognised at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

**Licensing and long term supply arrangements:** Revenue from licensing and long term supply arrangements is recognised in the period in which the Company completes all its performance obligations.

**d. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred.

**e. Property, plant and equipment (PPE)**

**Recognition and initial measurement**

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 recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

**Subsequent measurement (depreciation and useful lives)**

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 recognised is derecognised 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 income statement when the asset is derecognised.

**Transition to Ind AS**

On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2017 measured as per the provisions of Previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.



#### f. 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.

##### Transition to Ind AS

On transition to IndAS, the Group has elected to continue with the carrying value of all its intangible assets recognized as at 1 April 2017 measured as per the provisions of Previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

#### g. Operating leases

Where the lessor effectively retains all risk and benefits of ownership of the leased items, such leases are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of profit and loss on a straight line basis.

#### h. Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Group estimates the Recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and

the asset is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

#### i. Financial Instruments

##### Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

##### Subsequent measurement

- i. Debt instruments at amortised cost – A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
  - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method.

- ii. Equity investments – All Current equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at Fair Value Through Profit And Loss (FVTPL). For all other equity instruments, the Group decides to classify the same either as at Fair Value Through Other Comprehensive Income (FVOCI) or fair value through profit and loss (FVTPL). The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.



iii. All non-current Investments including investment in Associates are valued at cost.

iv. **De-recognition of financial assets**

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

j. **Financial liabilities**

**Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

**Subsequent measurement**

These liabilities include are borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

**De-recognition of financial liabilities**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Financial guarantee contracts**

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the

guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.

k. **Offsetting of 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.

l. **Impairment of financial assets**

In accordance with Ind-AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. When estimating the cash flows, the Group is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

**Trade receivables**

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

**Other financial assets**

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.



#### **m. 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.

#### **n. 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 Group'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 recognised outside profit or loss (either in other comprehensive income or in equity).

#### **o. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits, etc. that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **p. Post-employment, long term and short term employee benefits**

##### **Defined contribution plan**

The Group's contribution to provident fund and employee state insurance schemes is charged to the statement of profit and loss. The Group's contributions towards Provident Fund are deposited with the Regional Provident Fund Commissioner under a defined contribution plan.

##### **Defined benefit plan**

The Group 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 Group 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 Group makes contributions to the Gratuity Fund.

Short-term employee benefits:

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**q. Share based payments**

The employee benefits expense is measured using the fair value of the employee stock options and is recognised over vesting period with a corresponding increase in equity. The vesting period is the period over which all the specified vesting conditions are to be satisfied.

**r. Provisions, Contingent liabilities and Contingent assets**

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- a. Possible obligations which will be confirmed only by future events not wholly within the control of the Group or
- b. Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are

neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

**s. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**4. ESTIMATES AND ASSUMPTIONS**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group.

**Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (see note 20).



**Recognition of deferred tax liability on undistributed profits:**

The extent to which the Group can control the timing of reversal of deferred tax liability on undistributed profits of its subsidiaries requires judgement.

**Evaluation of indicators for impairment of assets:** The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Recoverability of advances/receivables:**

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

**Useful lives of depreciable/amortisable assets:** Management reviews its estimate of the useful lives of depreciable/amortisable assets 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 certain software, customer relationships, IT equipment and other plant and equipment.

**Defined benefit obligation (DBO):**

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**Provisions:**

At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from this judgement.



NOTE 5

NON-CURRENT - PROPERTY, PLANT AND EQUIPMENT

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Cost as on 01-04-2017 ₹	Additions during the year ₹	Total as on 31-03-2018 ₹	As on 01-04-2017 ₹	Adjustments Retained Loss ₹	For the year 2017-18 ₹	Total Upto 31-03-2018 ₹	As on 31-03-2018 ₹	As on 31-03-2017 ₹
Land	84,181,540	-	84,181,540	-	-	-	-	84,181,540	84,181,540
Building	16,978,278	3,283,977	20,262,255	9,386,325	-	549,740	9,936,065	10,326,190	7,591,951
Plant & Machinery	137,742,636	5,759,878	142,878,514	87,870,485	624,000	5,508,986	92,755,471	50,123,043	49,872,151
Furniture & Fixtures	27,475,057	896,502	28,371,559	20,921,444	-	1,804,988	22,726,432	5,645,127	6,553,612
Motor Vehicles	13,572,142	-	13,572,142	6,679,998	-	1,354,735	8,034,733	5,537,409	6,892,145
Capital Work in Progress	2,319,990	-	-	-	-	-	-	-	2,319,990
<b>Total</b>	<b>282,269,643</b>	<b>9,940,357</b>	<b>289,266,010</b>	<b>124,858,252</b>	<b>624,000</b>	<b>9,218,449</b>	<b>133,452,701</b>	<b>155,813,309</b>	<b>157,411,391</b>
Previous Year	272,255,709	11,187,534	282,269,643	116,463,965	-	8,394,287	124,858,252	157,411,391	





	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
<b>6 NON CURRENT INVESTMENTS</b>		
<b>Unquoted</b>		
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.)	(94,716)	(44,473)
Total	<u>70,005,284</u>	<u>70,055,527</u>
<b>7 OTHER NON CURRENT ASSETS</b>		
Loans, Advances to Related Parties	—	—
Security Deposit	2,203,697	2,203,697
Prepaid Expenses	17,797	10,636
Total	<u>2,221,494</u>	<u>2,214,333</u>
<b>8 INVENTORIES (As valued and certified by Management)</b>		
i. Raw Materials	10,094,095	8,581,807
ii. Work-in-process	8,888,319	12,282,243
iii. Finished Goods	2,654,347	6,802,497
iv. Stores & Spares	1,043,019	665,192
v. Packing Material	540,382	449,524
vi. Coal & Diesel	166,242	123,153
Total	<u>23,386,404</u>	<u>28,904,416</u>
<b>9 TRADE RECEIVABLES</b>		
Unsecured and Considered Good		
Outstanding for more than 6 months	7,942,820	10,496,697
Others	96,648,322	92,458,839
Total	<u>104,591,142</u>	<u>102,955,536</u>
<b>10 CASH AND CASH EQUIVALENTS</b>		
a. Cash on hand	565,357	36,887
b. Balances with Banks		
i. In Current Accounts	609,574	509,543
ii. In Deposit Accounts (Margin Money against LCs/BG)	9,007,722	4,091,726
iii. Cheques in hand	-	1,657,061
Total	<u>10,182,653</u>	<u>6,295,217</u>

**Gennex Laboratories Limited**

	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
<b>11 OTHER FINANCIAL ASSETS - SHORT TERM LOANS &amp; ADVANCES</b>		
a. Loans and advances to related parties Unsecured, considered good	—	—
b. Loans and advances to employees Unsecured, considered good	22,729,469	16,835,344
c. Prepaid Expenses Unsecured, considered good	603,402	678,760
d. Balances with Government Authorities Unsecured, considered good		
i. CENVAT credit receivable	-	1,159,059
ii. GST credit receivable	14,225,224	-
iii. Balances with Central Excise Deptt	24,833	24,833
iv. VAT credit receivable	10,429,112	9,536,352
v. Service Tax	-	2,785,974
vi. MEIS claim receivable	5,592,499	-
e. Advances to Contractors, Suppliers Unsecured, considered good	6,868,644	1,557,839
f. Advances recoverable cash or in kind	77,722,031	91,625,212
 Total	 <u>138,195,213</u>	 <u>124,203,373</u>
 <b>12 OTHER CURRENT ASSETS</b>		
Accrued Interest	264,220	71,135
Total	<u>264,220</u>	<u>71,135</u>



	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
<b>13 SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
<b>Equity Shares</b>		
160,000,000 Equity Shares of ₹ 1/- each		
( Previous Year 160,000,000 Equity Shares of ₹ 1/- each)	<b>160,000,000</b>	160,000,000
Total	<b>160,000,000</b>	160,000,000
<b>13.1 Issued, Subscribed &amp; Paid-up</b>		
<b>Equity Shares</b>		
126,503,000 Equity Shares of ₹ 1/- each		
(Previous Year 126,503,000 Equity Shares of ₹ 1/- each)	126,503,000	126,503,000
Total	126,503,000	126,503,000
13.2.1 All Equity Shares issued by the company carry equal voting and participatory rights.		
13.2.2 The details of share holders holding more that 5% shares:		
	As at 31st March, 2018	As at 31st March, 2017
	No. of Shares	No. of Shares
	%	%
	Held	Held
Premier Fiscal Services (P) Ltd	25,000,000	*25,000,000
	19.76	19.76
13.2.3 The reconciliation of the no. of shares outstanding is set out below:		
Equity Shares at the beginning of the year	126,503,000	126,503,000
Equity Shares at the end of the year	126,503,000	126,503,000
	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
<b>14 RESERVES AND SURPLUS</b>		
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	(1,407,366)	(1,407,366)
Balance in Profit & Loss		
Balance at the beginning of the year	107,843,584	57,431,213
Add: Profit for the year	8,357,665	27,043,250
Balance at the Closing of the year	116,201,249	107,843,584
Profit / (Loss) from Associate (Deccan Remedies Ltd.)	(94,716)	(44,473)
Total	<b>191,172,059</b>	<b>182,909,110</b>

**Gennex Laboratories Limited**

	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
<b>BORROWINGS</b>		
<b>15 NON-CURRENT LONG TERM</b>		
<b>(Secured against the hypothecated assets procured out of Loan)</b>		
<b>Banks</b>		
State Bank of India - Term Loan	3,170,400	-
HDFC Bank Ltd.	-	94,204
ICICI Bank Ltd.	315,162	760,644
Total	<u>3,485,562</u>	<u>854,848</u>
<b>16 OTHERS</b>		
Unsecured Sales Tax Deferment (Govt.)	826,878	1,001,085
Total	<u>826,878</u>	<u>1,001,085</u>
<b>16.1 Sales Tax deferment availed till the current account period is due for repayment after 12 months from Balance Sheet as under:</b>		
Year of Repayment		
2018-19	174,207	174,207
2019-20	277,545	277,545
2020-21	394,431	394,431
2021-22	154,902	154,902
Total	<u>1,001,085</u>	<u>1,001,085</u>
<b>17 DEFERRED TAX (LIABILITY)/ASSETS</b>		
a. Diff. between Book & Tax Depreciation (Liability)	8,526,658	11,256,139
b. Others	(2,474,737)	(1,767,298)
Total	<u>6,051,921</u>	<u>9,488,841</u>
Net Deferred Tax Liability/(Assets)	<u>6,051,921</u>	<u>9,488,841</u>



	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
<b>18 CURRENT BORROWINGS</b>		
<b>a. Secured</b>		
From Banks - Secured		
State Bank of Hyderabad	19,872,253	32,967,762
(The due to State Bank of Hyderabad - 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 Hyderabad - Term Loan - Secured against (Exclusive First charge on Fixed Assets of the Company)	804,297	3,931,299
<b>Loan - Secured</b> <b>(Secured against the hypothecated assets procured out of Loan)</b>		
HDFC Bank Ltd.	94,204	211,045
ICICI Bank Ltd.	445,482	405,822
Total	<u>21,216,236</u>	<u>37,515,928</u>
<b>b. Unsecured</b>		
Sales Tax Deferment	596,457	425,358
Total	<u>596,457</u>	<u>425,358</u>
<b>19 TRADE PAYABLES</b>		
Trade Payable	121,644,060	94,572,340
Total	<u>121,644,060</u>	<u>94,572,340</u>
19.1 Dues to Micro, Small and Medium enterprises has been determined to be ₹ -Nil- to the extent such parties have been identified on the basis of information available with the company.		
<b>20 OTHER CURRENT LIABILITIES</b>		
Creditors for Capital Goods	1,945,700	2,240,732
Advances from Customers	555,317	198,119
Other Liabilities	26,541,260	31,305,534
Sales Tax Deferrment	174,207	596,457
Total	<u>29,216,484</u>	<u>34,340,842</u>
20.1 Other liabilities consist of PF, ESI, Service Tax, TDS, GST and TCS payable etc.		
<b>21 PROVISIONS</b>		
Provision for Leave Encashment	1,128,939	1,006,000
Total	<u>1,128,939</u>	<u>1,006,000</u>
<b>22 CURRENT TAX LIABILITIES</b>		
Current Tax Liabilities (Net)	3,414,580	3,963,410
	<u>3,414,580</u>	<u>3,963,410</u>

**Gennex Laboratories Limited**

	Year ended 31st March, 2018 ₹	Year ended 31st March, 2017 ₹
<b>23 REVENUE FROM OPERATION</b>		
Sale of Products	471,839,820	433,064,586
Other Operating Revenues	887,255	1,796,870
	<b>472,727,075</b>	<b>434,861,456</b>
Less: Excise Duty/GST	34,939,234	15,789,253
Net Revenue from Operation	<b>437,787,841</b>	<b>419,072,203</b>
<b>24 OTHER INCOME</b>		
Interest Income (TDS ₹ 85,420; Previous Year ₹ 18,700)	850,074	286,229
Insurance Claim Received	422,171	12,019
Miscellaneous Income	1,994	500
MEIS Benefit	5,592,499	-
Sundry balances written back	575,931	-
Duty Draw Back	1,593,150	890,066
Total	<b>9,035,819</b>	<b>1,188,814</b>
<b>25 RAW MATERIAL CONSUMED</b>		
Opening Stocks	8,581,807	5,450,060
Add: Purchases	258,284,209	238,829,696
Total	<b>266,866,016</b>	<b>244,279,756</b>
Less: Closing Stocks	10,094,095	8,581,807
Consumption	<b>256,771,921</b>	<b>235,697,949</b>
<b>26 CHANGES IN INVENTORIES (OTHER THAN RM)</b>		
Opening Stocks		
Work in Progress	12,282,243	3,497,065
Finished Goods	6,802,497	19,158,233
Total	<b>19,084,740</b>	<b>22,655,298</b>
Closing Stocks		
Work in Progress	8,888,319	12,282,243
Finished Goods	2,654,346	6,802,497
Finished Goods IN TRANSIT	-	-
Total	<b>11,542,665</b>	<b>19,084,740</b>
Changes in Stock	<b>7,542,075</b>	<b>3,570,558</b>
<b>27 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	46,187,937	43,279,175
Contributions to Provident and other funds	2,564,157	1,952,623
Gratuity	3,511,688	1,316,302
Staff Welfare expenses	3,193,426	3,039,506
Total	<b>55,457,208</b>	<b>49,587,606</b>



	Year ended 31st March, 2018	Year ended 31st March, 2017
	₹	₹
<b>28 FINANCE COST</b>		
Interest on Working Capital	2,179,374	3,027,094
Interest on Term Loan	322,168	934,432
Bank Charges	4,809,838	3,092,524
Total	<u>7,311,380</u>	<u>7,054,050</u>
<b>29 OTHER EXPENSES</b>		
Pollution Expenses	9,263,351	9,127,260
Consultancy & Legal Expenses	3,140,093	4,829,075
Rent & Facilities	1,972,775	1,697,284
Electricity Charges	716,818	1,180,191
Security Charges	751,138	681,701
Printing & Stationery	1,150,451	853,037
Communication Expenses	1,468,770	1,385,979
Insurance	888,729	812,108
Travelling & Conveyance Exp.	5,302,176	8,039,587
Selling Expenses	4,471,752	5,426,454
Carriage Outwards	10,359,402	6,717,542
Auditors' Remuneration:		
i. Audit Fees	137,400	137,400
ii. Tax Audit Fees	34,350	34,350
iii. Certification & Other	120,000	122,118
iv. Audit Fees - Branch	<u>11,000</u>	<u>2,100</u>
	<b>302,750</b>	242,850
Vehicle Maintenance	294,173	391,002
Sales Tax	42,098	177,186
Exchange Rate Fluctuation	762,470	432,931
Miscellaneous Expenses	4,946,918	5,555,050
Sundry Balances Written Off (Net)	-	5,176
Stores, Spares & Others	8,419,515	6,920,740
Packing Material	9,005,052	8,381,479
Power & Fuels	21,844,406	18,560,571
Repairs & Maintenance - Buildings	659,767	327,961
Repairs & Maintenance - Plant & Machinery	1,318,002	1,159,369
Repairs & Maintenance - Others	546,439	640,772
Job Work Charges	5,461,319	1,403,225
Total	<u>93,088,364</u>	<u>84,948,530</u>



## Gennex Laboratories Limited

	Year ended 31st March, 2018 ₹	Year ended 31st March, 2017 ₹
<b>30 EXCEPTIONAL ITEMS</b>		
Profit/Loss on Sale of Fixed Assets	(100,000)	-
<b>31 EARNING PER SHARE</b>		
Net Profit the basic EPS	8,357,665	27,043,250
Weighted Average No. of Shares	126,503,000	126,503,000
Annualized Basic Earning per share	0.066	0.214
<b>32 CONTINGENT LIABILITY</b>		
i. Income-tax where appeals/petitions are pending with Various Authorities	*57.76	*57.76
ii. Sales Tax where Appeal is pending	*111.04	*111.04
*Company is hopeful of complete relief, hence no provision is made.		
<b>33 Additional information pursuant to paragraphs 5 (viii) of part II of Schedule VI to the Companies Act, 1956 are as follows:</b>		
A. C.I.F. value of imports by the Company (Excluding imported items purchased locally)		
Raw Materials	20,473,189	14,952,663
Fixed Assets	5,247,719	-
B. Expenditure in foreign currency during the year:		
a. Foreign Travel Expenses	459,153	953,907
b. Sales Commission	922,689	794,948
c. Bank Charges	502,362	369,786
C. Details of consumption of imported and indigenous items		
	Year ended 31st March, 2018 ₹	Year ended 31st March, 2018 %
Imported		
Raw Material	18,660,490	7%
	(13,230,756)	6%
Indigenous		
Raw material	238,111,431	93%
	(222,467,193)	94%
Stores, Spares Parts & Components	8,419,515	100%
	(6,920,740 )	100%
Total	265,191,436	
	(242,618,689)	

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 31st March, 2018	As at 31st March, 2018
Germany	47.62 (81.86)	- -
Egypt	301.00 (239.13)	44.39 (85.42)
Iran	89.35 (218.07)	39.00 (76.20)
Peru	133.10 (149.99)	- (9.24)
Bangladesh	208.01 (132.03)	44.68 (19.16)
Spain	0.01 (179.88)	- (34.08)
Guatemala City	183.26 (131.75)	27.64 (25.53)
El Salvador	- (40.03)	- (15.82)
Vietnam	145.54 (27.15)	- -
Export Others	162.51 (216.54)	50.91 (332.79)
India	3107.48 (2,774.29)	839.29 (431.31)

Note: Figures in brackets relates to the previous year.

Particulars	Year ended	Year ended
	31st March, 2018	31st March, 2017
E. Earning in Foreign Currency on F.O.B. basis		
Export of Goods	117,576,336	131,579,311

## 34 RELATED PARTY TRANSACTIONS (Accounting Standard-18)

Name & Relationship	Nature of Transaction	Amount (₹)
1 Mr. Arihant Baid Managing Director	Remuneration	2,400,000
Mr. T.M. Gopalakrishnan Whole-Time Director	Remuneration	2,216,800



**35 EMPLOYEES BENEFITS:**

35.1 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.

35.2 Defined Contribution Plan:

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

Employer’s Contribution to Provident/Pension Fund - Rs. 1750701/-

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 Rs. 1128939/- towards Leave encashment based on actuarial valuation.

35.3 Balance in Advances, Deposits, Unsecured loans, other Liabilities, Trade Receivables, Trade Payables and advances against suppliers are subject to confirmation by respective parties.

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

35.5 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. 29. 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, 2018*	as at March 31, 2017
Payables:		
Not later than one year	16.96	15.22
Later than one year but not later than 3 years	21.81	2.58
Later than 3 years	0.00	0.00

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

35.6 Investment includes Rs.70,000,000 in Shares of Deccan Remedies Limited for the Company’s expansion plans.

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

35.8 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 31st March, 2018.

35.9 Investment Subsidy received from Andhra Pradesh Government is shown under Reserve and Surplus.

Per our report attached  
For **PPKG & Co.,**  
Chartered Accountants  
Firm Regn. No. 009655S  
**Giridhari Lal Toshniwal**  
Partner  
**Membership No. 205140**  
Place: Hyderabad  
Date : 30th May, 2018

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

**Laxmipat Baid**  
Chief Financial Officer

**T.M. Gopalakrishnan**  
Whole Time Director



**NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION**

(All amounts in lakhs, except share data and where otherwise stated)

**36. FIRST TIME ADOPTION OF IND AS**

These are the first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 3 have been applied in preparing the Consolidated Financial Statements for the year ended 31 March 2018, the comparative information presented in these Consolidated Financial Statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2017 (the Group's date of transition). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

**A. Ind AS optional exemptions**

**A1 Deemed cost for property, plant and equipment, investment property and intangible assets**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the Consolidated Financial Statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by

Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties. Accordingly, the Group has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

**B. Ind AS mandatory exemptions B1 Estimates**

An Group's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

**B2 Classification and measurement of financial assets and liabilities**

- \* The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.
- \* Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the Group cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- a. The effects of the retrospective application or retrospective restatement are not determinable;
- b. The retrospective application or restatement requires assumptions about what management's intent would have been in that period;

The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

**B3 De-recognition of financial assets and liabilities**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the Group's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

**C. Reconciliations between previous GAAP and Ind AS**

Equity at the date of transition to Ind AS i.e. 1 April 2017 and 31 March 2018 can be reconciled with the amounts reported under Indian GAAP as follows:

*(All amounts in millions, except share data and where otherwise stated)*

	As at 31 March 2018		As at 31 March 2017			
	As per IGAAP*	Adjustments	As per Ind AS	As per IGAAP*	Adjustments	As per Ind AS
<b>ASSETS</b>						
<b>Non-current assets</b>						
a. Property, plant and equipment	1558.13	0.00	1558.13	1550.91	0.00	550.91
b. Capital work-in-progress	0.00	0.00	0.00	23.20	0.00	23.20
c. Other intangible assets	0.00	0.00	0.00	0.00	0.00	0.00
d. Financial assets						
Investments in Associates	700.00	0.00	700.00	700.00	0.00	700.00
Other Investments	1.00	0.00	1.00	1.00	0.00	1.00
Other financial assets	0.00	0.00	0.00	0.00	0.00	0.00
e. Other non-current assets	22.22	0.00	22.22	22.15	0.00	22.15
	<b>2281.35</b>	<b>0.00</b>	<b>2281.35</b>	<b>2297.26</b>	<b>0.00</b>	<b>2297.26</b>
<b>CURRENT ASSETS</b>						
a. Inventories	233.86	0.00	233.86	289.04	0.00	289.04
b. Financial Assets						
Investments						
Trade receivables	1045.91	0.00	1045.91	1029.56	0.00	1029.56
Cash and cash equivalents	5.65	0.00	5.65	0.37	0.00	0.37
Other bank balances	96.17	0.00	96.17	62.58	0.00	62.58
Loans	0.00	0.00	0.00	0.00	0.00	0.00
Other financial assets	0.00	0.00	0.00	0.00	0.00	0.00
c. Income tax assets (net)	3.50	0.00	3.50	1.08	0.00	1.08
d. Other current assets	1381.96	0.00	1381.96	1242.03	0.00	1242.03
	<b>2767.05</b>	<b>0.00</b>	<b>2767.05</b>	<b>2624.66</b>	<b>0.00</b>	<b>2624.66</b>
<b>Total assets</b>	<b>5048.40</b>	<b>0.00</b>	<b>5048.40</b>	<b>4921.92</b>	<b>0.00</b>	<b>4921.92</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
a. Equity share capital	1265.03	0.00	1265.03	1265.03	0.00	1265.03
b. Other equity	1912.67	0.00	1912.67	1829.09	0.00	1829.09
Equity attributable to owners	3177.70	0.00	3177.70	3094.12	0.00	3094.12
Non-controlling interest	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total of Equity</b>	<b>3177.70</b>	<b>0.00</b>	<b>3177.70</b>	<b>3094.12</b>	<b>0.00</b>	<b>3094.12</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
a. Financial liabilities						
Borrowings	34.86	0.00	34.86	8.55	0.00	8.55
Other financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00
b. Employee benefit obligations	0.00	0.00	0.00	0.00	0.00	0.00
c. Deferred tax liabilities (net)	60.52	0.00	60.52	94.89	0.00	94.89
d. Other non-current liabilities	8.26	0.00	8.26	10.01	0.00	10.01
	<b>103.64</b>	<b>0.00</b>	<b>103.64</b>	<b>113.45</b>	<b>0.00</b>	<b>113.45</b>

**Current liabilities**

a. Financial liabilities						
Borrowings	212.16	0.00	212.16	375.16	0.00	375.16
Trade payables	1235.90	0.00	1235.90	945.72	0.00	945.72
Other financial liabilities	272.71	0.00	272.71	343.41	0.00	343.41
b. Other current liabilities	11.29	0.00	11.29	10.06	0.00	10.06
c. Employee benefit obligations	0.00	0.00	0.00	0.00	0.00	0.00
d. Current tax liabilities (net)	35.00	0.00	35.00	40.00	0.00	40.00
<b>Total equity and liabilities</b>	<b>5048.40</b>	<b>0.00</b>	<b>5048.40</b>	<b>4921.92</b>	<b>0.00</b>	<b>4921.92</b>

\*The IGAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

**There is no such effect on retained earnings and equity:**

	For the year ended 31 March 2018		
	As per IGAAP*	Adjustments	As per Ind AS
<b>REVENUE</b>			
Revenue from operations	4377.88	0.00	4377.88
Other income	90.35	0.00	90.35
<b>Total revenues</b>	<b>4468.23</b>	<b>0.00</b>	<b>4468.23</b>
<b>EXPENSES</b>			
Cost of materials consumed	2567.72	0.00	2567.72
Purchases of stock-in-trade	30.01	0.00	30.01
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	75.42	0.00	75.42
Employee benefits expense	554.57	0.00	554.57
Finance costs	73.11	0.00	73.11
Depreciation and amortisation expense	92.19	0.00	92.19
Other expenses	930.88	0.00	930.88
<b>Total expenses</b>	<b>4323.90</b>	<b>0.00</b>	<b>4323.90</b>
<b>Exceptional Item</b>	<b>1.00</b>	<b>0.00</b>	<b>1.00</b>
<b>Profit before tax</b>	<b>145.33</b>	<b>0.00</b>	<b>145.33</b>
Earlier Tax expense	(61.12)	00.0	(61.12)
Current tax	(35)	00.0	(35)
Deferred tax	34.36	00.0	34.36
<b>Profit from continuing operation</b>	<b>83.58</b>	<b>00.0</b>	<b>83.57</b>
Profit from discontinued operations	0.00	0.00	0.00
Tax expense on discontinued operations	0.00	0.00	0.00
<b>Profit from discontinued operations, net of tax</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Profit after tax</b>	<b>83.58</b>	<b>0.00</b>	<b>83.58</b>
<b>Non-controlling interest (NCI)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Profit after tax and NCI</b>	<b>83.58</b>	<b>0.00</b>	<b>83.58</b>

**OTHER COMPREHENSIVE INCOME****Items that will not be reclassified to profit or loss**

Re-measurement gains (losses) on defined benefit plans.	-
Net (loss)/gain on FVTOCI equity securities	-
Exchange differences on translation of foreign operations	-
Income tax relating to items that will not be reclassified to profit or loss	-
Re-measurement gains (losses) on defined benefit plans	-
Net (loss)/gain on FVTOCI equity securities	-

**Total comprehensive income for the year**

\*The IGAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.



**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**

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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 33<sup>rd</sup> Annual General Meeting of the Company, to be held on Thursday, 09<sup>th</sup> August, 2018 at 11.30 a.m. IST 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, 2018 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. To approve the appointment of M/s. PPKG & Co. Chartered Accountants as Statutory Auditors in casual vacancy ( for the Financial Year 2017-18).
4. To appoint M/s. PPKG & Co., Chartered Accounts as Statutory Auditors for five years from the conclusion of this Annual General Meeting till the conclusion of the 38 Annual General Meeting.
5. To re-appoint Mr. ArihantBaid (DIN-01171845) as Managing Director of the Company.
6. To re-appoint Mr. T.M. Gopalakrishnan (DIN-03137458) as Whole-time Director of the Company.
7. To ratify appointment of M/s. R Pogalia& Company, Chartered Accountants as Branch Auditors

Signed this ..... day of ..... 2018

Signature of Proxy holder(s) .....

Signature of shareholder.....

Affix ₹ 1  
Revenue  
Stamp

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 33rd Annual General Meeting of the Company to be held on Thursday, the 9th August, 2018 at 11.30 A.M. 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:

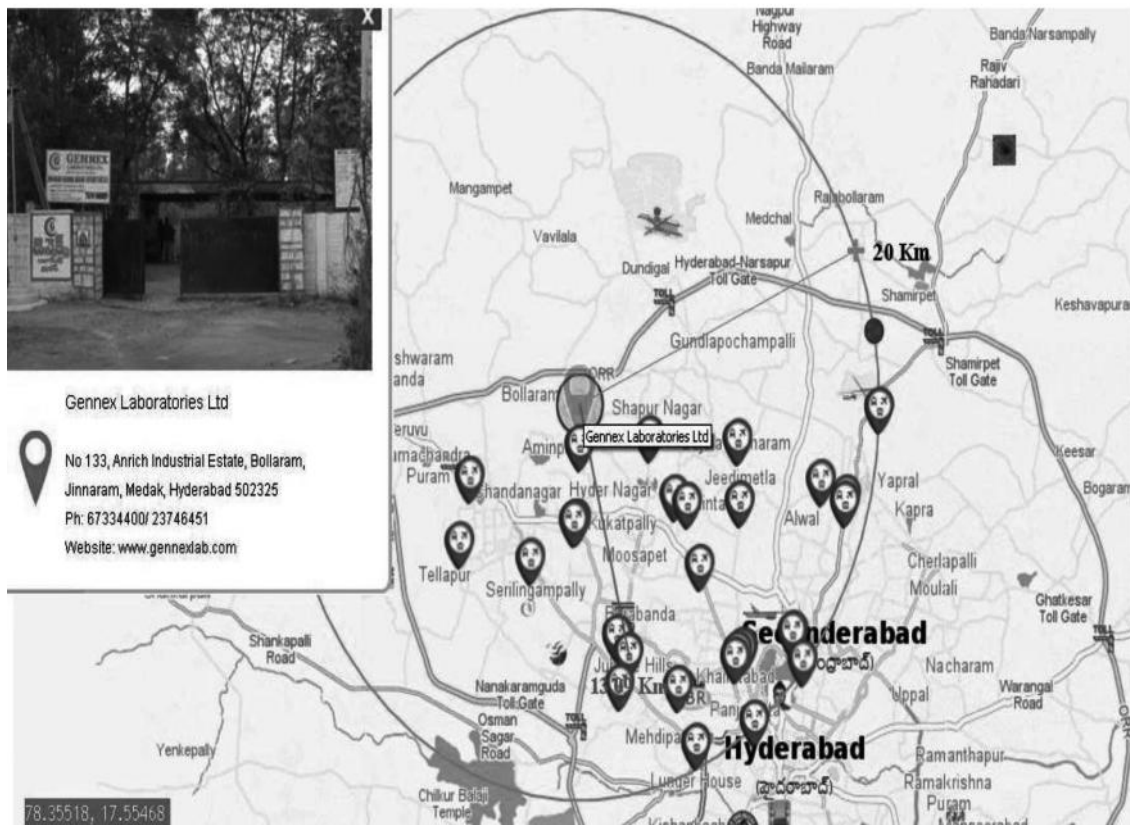
No.	Item No.	No. of Shares held by me	I assent to the resolution	I dissent from the resolution
1	To receive, consider and adopt the audited Financial Statements for the Financial Year ended 31st March, 2018 together with the Reports of the Directors and Auditors thereon			
2	To appoint a Director in the place of Mr. T.M. Gopalakrishnan (DIN 03137458), who retires by rotation and being eligible, offers himself for re-appointment			
3	To approve the appointment of M/s. PPKG & Co. Chartered Accountants as Statutory Auditors in casual vacancy (for the Financial Year 2017-18)			
4	To appoint M/s. PPKG & Co., Chartered Accountants as Statutory Auditors for five years from the conclusion of this Annual General Meeting till the conclusion of the 38th Annual General Meeting			
5	To re-appoint Mr. Arihant Baid (DIN-01171845) as Managing Director of the Company			
6	To re-appoint Mr. T.M. Gopalakrishnan (DIN-03137458) as Whole-time Director of the Company			
7	To ratify appointment of M/s. R. Pogalia & Co., Chartered Accountants as Branch Auditors			

Place:

Date:

(Signature of the shareholder\*)

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.