

### III. Future Plan of Action:

To keep a continuous focus on development of new compounds & products.

### IV. Expenditure on R&D:

During the financial year 2018-19, there were no expenditure incurred regarding research and development

For and On behalf of Board of Directors  
For Zyden Gentec Limited

SD/-  
Vinod Shiv Kumar Gupta  
Managing Director  
DIN: 00193202

SD/-  
Anita Kumari  
Director  
DIN:00479606

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Date: 13.08.2019  
Place: Kota

### ANNEXURE- III

#### MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

The management of Zyden Gentec Limited is pleased to present the management Discussion and Analysis Report covering the operations and financial performance of the Company for the year 2018-19.

#### INDUSTRY STRUCTURE & DEVELOPMENTS

The pharmaceutical industry in India would continue to remain under great international focus on international scenario despite price wars and huge import from Chinese firms. India being perceived as a stable, trustable and large consumption democracy has been getting encouraged responses from many MNCs and overseas strategic investors in Indian businesses, especially in Pharmaceutical Sector in last couple of years. Moreover, the Pharmaceutical Sector will continue to grow further as the cost of health care in India is substantially lower, in comparison with many western & developed countries. Indian pharmaceutical sector is currently one of the largest and most developed in the world and has the quality of being recognized as high-quality, low-cost skilled producer of pharmaceuticals.

#### INDUSTRY OPPORTUNITIES:

Outlook on the Indian Pharmaceutical market continues to be positive despite of the economic & slowdown pressures, as commonly felt by all the businesses, continue to exert its affect. As stated earlier, with the introduction of the product patent regime beginning January 1, 2005 the Indian

market continue to remain an attractive option for introduction of research based products. Industry consolidation is expected to bring in economies of scale and provide access to regional players. The biggest growth driver continues to be the pipeline of patent expiries. Consequently, companies are recognizing the importance of pipelines and are making significant investments in research and drug development.

Your company would continue to consolidate on the present manufacturing facility. The company has widened its range of products with more emphasis on quality.

#### THREATS, RISK AND CONCERNS

The product patent regime poses the serious challenge to domestic industry unless it invests in R&D. The global pharmaceutical business has inherent risks of patent litigation, regulatory issues and product liability, particularly in the developed markets. Globally, over-investment and excess capacities weight on the generic industry has been resulting in increasing competition and pricing pressures. The industry faces risk of all Research & Development initiatives not leading to commercially viable and successful products. Rise in cost of raw materials, exchange rate fluctuations, environmental liabilities, tax laws, litigation, labour relations and significant changes in the global, political and economic environment exert tremendous influence on the performance of the Company. Since larger players are becoming more dominant, market impact may change the financial performance of the Company. Apart from this, the procedural hurdles & delays at DCA continue to act as growth deterrent in India.

#### SEGMENT WISE PERFORMANCE

Chart given below gives the breakup of sales between the Financial Year 2018-19 and 2017-18

| Particulars   | Financial Year 2018-19 | Financial Year 2017-18 |
|---|------------------------|------------------------|
| Income from Manufacturing & Allied Activities         | 1,14,50,000            | 74,21,250              |
| Income from Financial, Investment & Allied Activities | 9,525                  | 1,87,96,078            |

#### OPERATIONS

During the Financial Year 2018-19, the Revenue from Operations of the Company were Rs. 1,14,50,000/- as compared to Rs. 74,21,250/- in the Financial Year 2017-18 where as the Loss for the Financial Year 2018-19 were Rs. 3,77,04,696/- as against Rs. 2,18,38,112/- in the Financial Year 2017-18. Your Directors and Management along with the entire team is taking all possible actions to ensure that we are able to sustain our financial growth and business operational developments despite of all adverse external conditions and competition.

#### FINANCIAL PERFORMANCE FOR THE FINANCIAL YEAR ENDED 31.03.2019

| FINANCIAL RESULTS:      | (AMOUNT IN RS.) | (AMOUNT IN RS.) |
|-------------------------|-----------------|-----------------|
|                         | 2018-19         | 2017-18         |
| Income:                 |                 |                 |
| Revenue from operations | 1,14,50,000     | 74,21,250       |
| Other Income            | 9,525           | 1,87,96,078     |
| Total Income            | 1,14,59,525     | 2,62,17,328     |
| Total Expenditure       | 1,57,69,280     | 4,75,22,763     |

|                                 |               |               |
|---------------------------------|---------------|---------------|
| Exceptional Items (Expenditure) | 3,33,94,941   | 5,32,677      |
| Profit / (Loss) before Tax      | (3,77,04,696) | (2,18,38,112) |
| Less: Tax Expenses              | --            | --            |
| Net Profit / (Loss) after Tax   | (3,77,04,696) | (2,18,38,112) |

#### DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

The Company recognizes the importance of Human Resource as a key asset instrumental in its growth. The Company believes in acquisition, retention and betterment of talented team players. With the philosophy of inclusive growth, the Company has redefined its performance management system. The new system focuses on progression of individual employees together with organizational goals. Under the new system increased thrust will be on job rotation and multi-skilling. HRD activities are taken in the Company involving positive approach to develop employees to take care of productivity, quality and customer needs. The Company has to make constant efforts to manage labour shortages. To develop skilled labour, training facilities are provided to the employees in house or by deputing them to the machinery suppliers and to training institutes for specific training.

The Company has well developed management information system giving daily, monthly and periodical information to the different levels of management. Such reports are being analyzed and effective steps are taken to control the efficiency, utilization, productivity and quality in the Company.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company remains committed to ensure an effective internal control that provides assurance on the efficiency of operations and security of assets. Your company's well established and robust internal audit processes, both at business and corporate levels, continuously monitor the effectiveness of the internal control environment across the Company and the status of compliance with operating systems, internal policies and regulatory requirements. The Company has also undertaken steps to implement new control measures in line with best global practices such as standard operating procedures as per CGMP requirement.

#### CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of the applicable provisions of applicable laws and regulations. Actual results may substantially or materially differ from those expressed or implied. Some important developments such as significant changes in the global, political and economic environment, environment in India and key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other costs etc. could affect the company's performance.

For and On behalf of Board of Directors  
For Zyden Gentec Limited

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**ANNEXURE-IV  
CORPORATE GOVERNANCE REPORT  
OUR MINDSET: CORPORATE GOVERNANCE**

We are dedicated to conduct our operations on higher standards of Corporate Governance. Our corporate culture is based on transparency, conscience, fairness, accountability, propriety, equity and ethical business practices which are the key derivatives for sustainable corporate growth and long-term value creation. Our structure of Corporate Governance identifies the need of distribution of the role and responsibilities among different participants in the organization, among the Board of Directors, managers, shareholders and other stakeholders. We aim to align with the interests of individuals, corporations and society and thereby enhancing the stakeholders' value.

The corporate governance practices of the company further strengthened through compliances of all applicable laws including Securities and Exchange Board of India (SEBI) regulations and Clause 49 of their Listing Agreement with Stock Exchange. The Company fully recognizes the rights to information of its shareholders on the performance of the Company and considers itself as trustee of its shareholders. The policies and practices of Corporate Governance of Company as follows:

**1. BOARD OF DIRECTORS**

The Board is in a fiduciary position, empowered to oversee the management function with a view to ensure its effectiveness and enhancement of stakeholder value. The Board decides on the policies to be implemented across the Company, and reviews and monitors its strategic direction and annual business plan and business objectives. The Board acting as trustees on behalf of the shareholders ensures that the Company has clear goals in enhancing its value and growth for all the stakeholders associated with the Company and follows best governance practices.

**a) Composition**

The Board of Directors of the Company consists of 5 (Five) Directors, comprising of 1 (One) Promoter Chairman, 1 (One) Promoter Non-Executive Director and 3 (Three) Independent Directors. The Board represents an optimal mix of professionalism, knowledge and experience, in conformity with Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees across all the companies in which he/she is a Director as per Regulation 26 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the Directors have made their requisite disclosures regarding committee positions held by them in other companies. Non-Executive and Independent Directors have expert knowledge in the fields of finance, taxation, legal and industry.

**b) Board Meetings**

During the financial year 2018-19, the Board met 5 (Five) times and the intervening period between Board Meetings was not more 120 days as prescribed in Companies Act, 2013 and Regulation 17 of Listing Regulations. The dates of meetings were as follows:

| Quarter            | No of Meetings | Date of Meetings held during the Quarter   |
|--------------------|----------------|--|
| April - June       | 1              | 30th May, 2018                             |
| July - September   | 2              | 14th August, 2018 and 02nd September, 2018 |
| October - December | 1              | 27th October, 2018                         |
| January - March    | 1              | 14th February, 2019                        |

**c) Category and Attendance of Directors**

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the financial year 2018-19 and at the last Annual General Meeting (AGM), as also the number of Directorships and Committee positions held by them in other Companies as on 31st March, 2019 were as follows: