

ZENOTECH LABORATORIES LIMITED
 Survey No.250-252, Turkapally (V), Shameerpet (M), Ranga Reddy (Dt)
 Hyderabad - 500078
 Unaudited Standalone Financial Results for the Quarter ended September 30, 2014

(Rs. in lakhs, except share and per equity share data)

Part I: Statement of Standalone Financial Results		Standalone					
		Quarter ended			Period ended		Year ended
Particulars		30-09-2014 (Unaudited)	30-06-2014 (Unaudited)	30-09-2013 (Unaudited)	30-09-2014 (Unaudited)	30-09-2013 (Unaudited)	31-03-2014 (Audited)
[1]	Income from operations						
	a) Net sales / income from operations (Net of excise duty)	111.45	148.26	56.13	259.71	152.74	275.57
	b) Other operating income	-	-	-	-	-	-
	Total income from operations(net)	111.45	148.26	56.13	259.71	152.74	275.57
[2]	Expenses						
	a) Cost of materials consumed	72.25	113.34	102.22	185.59	165.40	223.98
	b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	4.38	(29.70)	(44.44)	(25.32)	(12.67)	26.38
	d) Employee benefit expense	67.91	137.32	159.35	205.23	304.62	625.59
	e) Depreciation and amortisation expense	101.54	101.53	89.27	203.07	177.51	355.61
	f) Other expenses	137.95	148.53	351.07	286.48	651.88	1,099.59
	Total expenses	384.03	471.02	657.47	855.05	1,286.74	2,331.15
[3]	Profit/(Loss) from operations before other Income, finance costs and exceptional items (1-2)	(272.58)	(322.76)	(601.34)	(595.34)	(1,134.00)	(2,055.58)
[4]	Other income	3.41	2.52	2.95	5.93	4.42	238.68
[5]	Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)	(269.17)	(320.24)	(598.39)	(589.41)	(1,129.58)	(1,816.90)
[6]	Finance costs	161.53	157.98	141.62	319.51	208.19	468.64
[7]	Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5+6)	(430.70)	(478.22)	(740.01)	(908.92)	(1,337.77)	(2,285.54)
[8]	Exceptional items	-	-	-	-	-	-
[9]	Profit/(Loss) from ordinary activities before tax (7+8)	(430.70)	(478.22)	(740.01)	(908.92)	(1,337.77)	(2,285.54)
[10]	Tax expense						
	a) Current	-	-	-	-	-	-
	b) Deferred tax expense / (benefit)	-	-	-	-	-	-
[11]	Net Profit/(Loss) from ordinary activities after tax (9+10)	(430.70)	(478.22)	(740.01)	(908.92)	(1,337.77)	(2,285.54)
[12]	Extraordinary item (net of tax expense Rs. Nil)	-	-	-	-	-	-
[13]	Net Profit/(Loss) for the period (11+12)	(430.70)	(478.22)	(740.01)	(908.92)	(1,337.77)	(2,285.54)
[14]	Share of profit / (loss) of associates	-	-	-	-	-	-
[15]	Minority interest	-	-	-	-	-	-
[16]	Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates (13 + 14 + 15)	(430.70)	(478.22)	(740.01)	(908.92)	(1,337.77)	(2,285.54)
[17]	Paid-up equity share capital (Face value of Rs. 10/- per share)	3,442.75	3,442.75	3,442.75	3,442.75	3,442.75	3,442.75
[18]	Reserves excluding revaluation reserves as per balance sheet of previous accounting year	-	-	-	-	-	(3,117.87)
[19]	Earnings/ (loss) per share (before extraordinary items)						
	(i) (of Rs. 10/- each)						
	a) Basic and Diluted	(1.25)	(1.39)	(2.15)	(2.64)	(3.89)	(6.64)
	(ii) (of Rs. 10/- each)						
	a) Basic and Diluted	(1.25)	(1.39)	(2.15)	(2.64)	(3.89)	(6.64)

See accompanying notes to the financial results

Part - II: Select information for the quarter ended 30 September 2014		Quarter ended			Period ended		Year ended
Particulars		30-09-2014	30-06-2014	30-09-2013	30-09-2014	30-09-2013	31-03-2014
A PARTICULARS OF SHAREHOLDING							
[1]	Public shareholding						
	-Number of shares	11,413,707	11,413,707	11,413,707	11,413,707	11,413,707	11,413,707
	-Percentage of shareholding	33.15%	33.15%	33.15%	33.15%	33.15%	33.15%
[2]	Promoters and promoter group shareholding						
	a) Pledged /Encumbered						
	-Number of shares	-	-	-	-	-	-
	-Percentage of shares (as % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-
	-Percentage of shares (as % of the total share capital of the Company)	-	-	-	-	-	-
	b) Non-encumbered						
	-Number of shares	23,013,793	23,013,793	23,013,793	23,013,793	23,013,793	23,013,793
	-Percentage of shares (as % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	-Percentage of shares (as % of the total share capital of the Company)	66.85%	66.85%	66.85%	66.85%	66.85%	66.85%



Particulars		Quarter ended 30-09-2014
B	INVESTOR COMPLAINTS	
	Pending at the beginning of the quarter	-
	Received during the quarter	-
	Disposed of during the quarter	-
	Remaining unresolved at the end of the quarter	-

Statement of assets and liabilities as at 30 September 2014		
Particulars	Standalone	
	As at 30-09-2014 (Unaudited)	As at 31-03-2014 (Audited)
A	EQUITY AND LIABILITIES	
1	Shareholders' Funds	
	Share capital	3,442.75 3,442.75
	Reserves and surplus	(4,036.03) (3,117.87)
	Sub-total-Shareholders' funds	(593.28) 324.88
2	Share application money pending allotment	1.22 1.22
3	Non-current liabilities	
	Long-term borrowings	6.97 8.42
	Long-term provisions	23.41 48.55
	Sub-total-Non-current liabilities	30.38 56.97
4	Current liabilities	
	Short-term borrowings	4,500.00 4,374.91
	Trade payables	248.65 334.45
	Other current liabilities	1,565.93 1,366.17
	Short-term provisions	582.20 560.39
	Sub-total-Current liabilities	6,896.78 6,635.92
	TOTAL-EQUITY AND LIABILITIES	6,335.10 7,018.99

Statement of assets and liabilities as at 30 September 2014		
Particulars	Standalone	
	As at 30-09-2014 (Unaudited)	As at 31-03-2014 (Audited)
B	ASSETS	
1	Non-current assets	
	Fixed assets	5,416.72 5,624.58
	Non-current investments	- -
	Long-term loans and advances	303.07 314.02
	Sub-total-Non-current assets	5,719.79 5,938.60
2	Current assets	
	Inventories	298.30 385.09
	Trade receivables	74.91 9.11
	Cash and cash equivalents	211.81 639.51
	Short-term loans and advances	14.20 9.20
	Other current assets	16.09 37.48
	Sub-total-Current assets	615.31 1,080.39
	TOTAL-ASSETS	6,335.10 7,018.99

Notes:

- 1 The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on November 8, 2014 and have undergone a 'limited review' by the Statutory Auditors of the Company.
- 2 Books and records, supplementary documents and statutory registers up till the period November 12, 2011 are still not in the possession of the Company though the Honorable Company Law Board vide its order dated 8 October 2012 has directed Dr. Jayaram Chigurupati, the erstwhile Managing Director and Promoter, to return all the documents and provide written details of all missing documents/ assets/ statutory records/ equipment of the Company. Therefore, as reported earlier, it is further informed that the Company had reconstructed the financial statements for the years ended March 31, 2011 and 2012 based on the available limited records, statutory returns filed, supplementary documents, invoices external corroborative evidence and after considering the various non compliances under the Companies Act, 1956 and listing agreement etc.

The matters relating to several financial and non financial irregularities are currently sub-judice and the impact of the various legal proceedings would be made in the financial results of the Company as and when the outcome of the above uncertainties becomes known and the consequential adjustments / disclosures are identifiable / determinable.

- 3 The Company is potentially a Sick Company in terms of the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 effective from the financial year ended March 31, 2011.
- 4 With regard to the Auditors Qualifications at Point number 3 to 5 of their Review's Report on the unaudited financial results of the Company for the quarter/period ended September 30, 2014, it is hereby clarified that the said qualifications relate to the earlier financial years ended March 31, 2011 and 2012, which have already been fully explained by way of notes and responded in the Annual Reports of the Company for the respective financial years. The same will be adjusted in the results as and when the outcome of the uncertainties during those years, become known and, therefore, no adjustments have been made in these results.
- 5 The entire operations relate to only the pharmaceuticals segment. Therefore, there is no reportable segment to be disclosed as required by Accounting Standard 17 'Segment reporting'.
- 6 Pursuant to the Companies Act 2013 (the 'Act'), being effective from 1st April 2014, the Company has reassessed useful life of its fixed assets which coincide with the useful life specified in Part 'C' of Schedule II of the Act. As a result of this change, the depreciation charge for the period ended 30 September 2014 is higher by Rs. 25.46 lakh respectively. In respect of those assets whose useful life is already exhausted as on 1 April 2014, depreciation of Rs. 9.23 lakh has been adjusted in Reserve and Surplus in accordance with the requirements of Schedule II of the Act.
- 7 Figures for previous period/ year have been regrouped to conform to the current period/ year's presentation.

Date: 8 November 2014
Place: Gurgaon


By Order of the Board
K L Khurana
Chairman
DIN: 02193237



B S R & Associates LLP

Chartered Accountants

8-2-618/2, Reliance Humsafar,
4th Floor, Road, No. 11,
Banjara Hills
Hyderabad - 500 034. India.

Telephone +91 40 3046 5000
Fax +91 40 3046 5299

Review Report

To the Board of Directors of Zenotech Laboratories Limited

1. We have reviewed the accompanying statement of unaudited financial results ('the Statement') of Zenotech Laboratories Limited ("the Company") for the quarter ended 30 September 2014 and the year to date results for the period from 1 April 2014 to 30 September 2014, attached herewith, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing agreement issued by the Securities and Exchange Board of India ('Listing agreement'), except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the Management and have not been reviewed by us. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors of the Company in their meeting held on 8 November 2014. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. *As more fully explained in note 2 to the financial results, based on the available information the books of account for the financial years ended 31 March 2011 and 2012 were reconstructed by the Management post 12 November 2011. Given the fact that certain matters relating to the differences between the current Management and the then Co- Managing Director are currently sub-judice and unresolved, our audit opinion on the related financial results for the years ended 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014 were modified accordingly. These related to obtaining audit evidence on the related financial results and the consequential impact of the adjustments if any relating to the unresolved matters pertaining to non-compliance with applicable laws and regulations and any consequential adjustment/disclosures arising out of the outcome of ongoing legal proceedings.*

The Company has represented to us that based on the steps taken by the Management and evidence available so far, in its assessment the risk that the financial results may be materially misstated is low. Further no additional significant claims have been received or any additional significant adjustments have been identified after 31 March 2012.

In view of the non-resolution of these, our review opinion on the accompanying standalone unaudited financial results is qualified, as we are unable to determine the adjustments/disclosures which may become necessary depending upon the outcome and the possible effects of the matters mentioned above.

69

B S R & Associates LLP

4. *The Company has filed a legal case against the erstwhile co-managing director for recovering the managerial remuneration paid amounting to INR 7,980 thousand during the period from 1 October 2007 to 31 March 2011, including an amount of INR 2,280 thousand which was in excess of the prescribed limits for the year ended 31 March 2011 without obtaining the necessary prior approval from the Central Government of India which is in contravention of the provisions of the Companies Act 1956. Since the current management has filed a claim for the entire amount, there is a continuing default in relation to the excess remuneration paid.*
5. *The Company's application under the Act to the Ministry of Corporate Affairs (MCA), Government of India is pending for approval of managerial remuneration of Rs. 3,000 thousands payable to Mr. B. K. Raizada, the erstwhile co-managing director for the period from 19 March 2011 to 18 March 2013. Pending requisite approval of the amount, no adjustment in this regard has been made in the accompanying financial results.*
6. *Based on our review conducted as above, subject to the effect of the matters included in the paragraph 3, 4 and 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with the Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 under section 211 (3C) of the Companies Act, 1956 which as per the General Circular No. 15/2013 dated 13 September 2013 issued by Ministry of Corporate Affairs continues to apply under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.*

for B S R & Associates LLP

Chartered Accountants

Firm Registration No: 116231W /W-100024



Sriram Mahalingam

Partner

Membership No: 049642

Place: Hyderabad

Date: 8 November 2014