

ZENOTECH LABORATORIES LIMITED
Survey No.250-252, Turkapally (V), Shameerpet (M), Ranga Reddy (Dt)
Hyderabad - 500078
Standalone Financial Results for the Quarter and Year ended March 31, 2014

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

Part I: Statement of Standalone Financial Results		Standalone				
		Quarter ended			Year ended	
Particulars		31-03-2014 (Unaudited)*	31-12-2013 (Unaudited)	31-03-2013 (Unaudited)	31-03-2014 (Audited)	31-03-2013 (Audited)
[11]	Income from operations					
	a) Net sales / income from operations (Net of excise duty)	53.19	69.64	23.49	275.57	304.41
	b) Other operating income	-	-	-	-	-
	Total income from operations(net)	53.19	69.64	23.49	275.57	304.41
[12]	Expenses					
	a) Cost of materials consumed	12.09	46.49	66.95	223.98	147.36
	b) Purchase of stock-in-trade	-	-	-	-	100.95
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	15.99	23.06	(33.82)	26.38	(33.82)
	d) Employee benefit expense	159.46	161.51	140.38	625.59	528.61
	e) Depreciation and amortisation expense	88.11	89.99	86.71	355.61	351.50
	f) Other expenses	117.11	330.61	909.30	1,099.59	1,629.35
	Total expenses	392.76	651.66	1,169.52	2,331.15	2,723.95
[3]	Profit/(Loss) from operations before other Income, finance costs and exceptional items (1-2)	(339.57)	(582.02)	(1,146.03)	(2,055.58)	(2,419.54)
[4]	Other income	230.64	3.62	6.39	238.68	14.49
[5]	Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)	(108.93)	(578.40)	(1,139.64)	(1,816.90)	(2,405.05)
[6]	Finance costs	151.91	108.54	40.90	468.64	147.14
[7]	Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5+6)	(260.84)	(686.94)	(1,180.54)	(2,285.54)	(2,552.19)
[8]	Exceptional items	-	-	-	-	-
[9]	Profit/(Loss) from ordinary activities before tax (7+8)	(260.84)	(686.94)	(1,180.54)	(2,285.54)	(2,552.19)
[10]	Tax expense					
	a) Current	-	-	-	-	-
	b) Deferred tax expense / (benefit)	-	-	-	-	-
[11]	Net Profit/(Loss) from ordinary activities after tax (9+10)	(260.84)	(686.94)	(1,180.54)	(2,285.54)	(2,552.19)
[12]	Extraordinary item (net of tax expense Rs. Nil)	-	-	-	-	-
[13]	Net Profit/(Loss) for the period (11+12)	(260.84)	(686.94)	(1,180.54)	(2,285.54)	(2,552.19)
[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)	(260.84)	(686.94)	(1,180.54)	(2,285.54)	(2,552.19)
[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
[18]	Reserves excluding revaluation reserves as per balance sheet of previous accounting year	-	-	-	-	(832.33)
[19]	Earnings/ (loss) per share (before extraordinary items)					
	(i) (of Rs. 10/- each)					
	a) Basic and Diluted	(0.76)	(2.00)	(3.43)	(6.64)	(7.41)
	Earnings/ (loss) per share (after extraordinary items)					
	(ii) (of Rs. 10/- each)					
	a) Basic and Diluted	(0.76)	(2.00)	(3.43)	(6.64)	(7.41)

See accompanying notes to the financial results

* Refer note 1

Part - II: Select information for the quarter ended 31 March, 2014		Standalone				
Particulars		Quarter ended			Year ended	
		31-03-2014	31-12-2013	31-03-2013	31-03-2014	31-03-2013
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
	-Percentage of shareholding	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
	-Percentage of shares (as % of the total shareholding of promoter and promoter group)	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%

	Particulars	Quarter ended 31-03-2014
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 31 March 2014			
Particulars	Standalone		
	As at 31-03-2014 (Audited)	As at 31-03-2013 (Audited)	
A	EQUITY AND LIABILITIES		
1	Shareholders' Funds		
	Share capital	3,442.75	3,442.75
	Reserves and surplus	(3,117.87)	(832.33)
	Sub-total-Shareholders' funds	324.88	2,610.42
2	Share application money pending allotment		
		1.22	1.22
3	Non-current liabilities		
	Long-term borrowings	8.42	15.53
	Long-term provisions	48.55	46.43
	Sub-total-Non-current liabilities	56.97	61.96
4	Current liabilities		
	Short-term borrowings	4,374.91	1,299.00
	Trade payables	334.45	429.09
	Other current liabilities	1,366.17	1,696.46
	Short-term provisions	560.39	601.37
	Sub-total-Current liabilities	6,635.92	4,025.92
	TOTAL-EQUITY AND LIABILITIES	7,018.99	6,699.52
Standalone			
Particulars	As at 31-03-2014 (Audited)	As at 31-03-2013 (Audited)	
B	ASSETS		
1	Non-current assets		
	Fixed assets	5,624.58	5,889.06
	Non-current investments	-	-
	Long-term loans and advances	314.02	355.46
	Sub-total-Non-current assets	5,938.60	6,244.52
2	Current assets		
	Inventories	385.09	220.26
	Trade receivables	9.11	6.62
	Cash and cash equivalents	639.51	156.56
	Short-term loans and advances	9.20	12.04
	Other current assets	37.48	59.52
	Sub-total-Current assets	1,080.39	455.00
	TOTAL-ASSETS	7,018.99	6,699.52

Notes:

- 1 The above results were reviewed by the Audit Committee on 26 May 2014, and approved by the Board of Directors at their meeting held on 26 May 2014 and have been subjected to an audit by the Statutory Auditors of the Company. The figures of the last quarter are the balancing figures between audited figures in respect of the full financials year and published year to date figures up to the third quarter of the relevant financial year. Also the figures up to the end of third quarter were only reviewed and not subject to audit.
- 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 4 to 6 of their Auditor's Report on the unaudited financial results of the Company for the quarter and year ended March 31, 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 On April 6, 2014, the Board of Directors of Sun Pharmaceutical Industries Limited (the Acquirer) and Ranbaxy Laboratories Limited ("Ranbaxy") have approved a scheme of arrangement under the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and corresponding provisions of the Companies Act, 2013 ("Scheme") whereby Ranbaxy shall merge into Sun Pharma ("Primary Acquisition"). The merger of Ranbaxy into Sun Pharma pursuant to the Scheme will result in Sun Pharma indirectly acquiring 46.79% of the voting rights held by Ranbaxy in, and control over, Zenotech Laboratories Limited ("Company"). Accordingly, a public announcement has been issued pursuant to Regulation 3(1) and Regulation 4 read with Regulation 5(1) and Regulation 13(2)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 for and on behalf of the Acquirer to the public shareholders of the Company excluding the Acquirer, person acting in concert with the Acquirer, Ranbaxy, person acting in concert with Ranbaxy or such other persons as are excluded by law to acquire 96, 93,332 fully paid up Equity Shares of face value of Rs. 10/- each of the Company. However, this Open Offer is subject to the completion of the Primary Acquisition as provided in the Scheme and the other executed Documents.



- 6 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'.
- 7 Figures for previous period/ year have been regrouped to conform to the current period/ year's presentation.

Date: 26 May 2014
Place: Hyderabad



By Order of the Board
Dr. K L Khurana
Chairman

B S R & Associates LLP

Chartered Accountants

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Auditor's Report on Quarterly Financial Results and Annual Financial Results of Zenotech Laboratories Limited Pursuant to the Clause 41 of the Listing Agreement

To
The Board of Directors of
Zenotech Laboratories Limited

1. We have audited the accompanying annual financial results of Zenotech Laboratories Limited ("the Company") for the year ended 31 March 2014 attached herewith, being submitted by the Company pursuant to the requirement of clause 41 of the 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 audited by us. Attention is drawn to the fact that the figures for the quarter ended 31 March 2014 and the corresponding quarter ended in the previous year as reported in these financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the relevant financial year. Also the figures up to the end of the third quarter of the relevant financial year had only been reviewed and not subjected to audit.
2. These financial results have been prepared on the basis of the annual financial statements and reviewed quarterly financial results upto the end of the third quarter, which are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial results based on our audit of the annual financial statements which have been prepared in accordance with the recognition and measurement principles laid down in the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956 and other accounting principles generally accepted in India and in compliance with Clause 41 of the Listing Agreement.
3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by Management. We believe that our audit provides a reasonable basis for our opinion.



4. *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 and 31 March 2013 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 opinion on the current year's financial results is qualified in respect of both, the current year and the corresponding year, 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.

5. *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.*
6. *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.*
7. *In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the above paragraphs 4,5 and 6, these financial results:*
- (i) are presented in accordance with the requirements of Clause 41 of the Listing Agreement in this regard; and*
 - (ii) gives a true and fair view of the net loss and other financial information for the financial year ended 31 March 2014.*

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8. Further, we also report that we have, on the basis of the books of accounts and other records and information and explanation given to us by the Management, also verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the Company in terms of Clause 35 of the Listing Agreement and found the same to be correct.

for **B S R & Associates LLP**

Chartered Accountants

Firm Registration Number : 116231W



Sriram Mahalingam

Partner

Membership No: 049642

Place: Hyderabad

Date: 26 May 2014