



zenotech

CIN: L27100AP1989PLC010122

ZENOTECH LABORATORIES LTD.

Survey No.250 -252

Turkapally Village

Shamirpet Mandal

Hyderabad - 500 078 T.S., India.

Tel: +91 90320 44584/ 585

Email: info@zenotech.co.in

www.zenotechlab.com

Date: November 2, 2019

BSE Limited

Market Operations Dept.,
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001

Scrip Code: 532039

Dear Sir,

Sub: Outcome of the Board Meeting of Zenotech Laboratories Limited held today - Unaudited Financial Results for the quarter and half year ended September 30, 2019

Pursuant to Regulation 30 and 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the Board of Directors of the Company at its meeting held today, i.e. Saturday, November 2, 2019, have approved and took on record the limited review Unaudited Standalone Financial Results for the quarter and half year ended September 30, 2019, which are enclosed herewith along with the Limited Review Report of the Statutory Auditors of the Company on Standalone Unaudited Financial Results.

The meeting of the Board of Directors of the Company commenced at 11:30 a.m. and concluded at 2:30 p.m.

We request you to take the above on record.

Thanking you,

Yours faithfully,
For **Zenotech Laboratories Limited**

Abdul Gafoor Mohammad

Abdul Gafoor Mohammad
Company Secretary & Compliance Officer



Encl: as above

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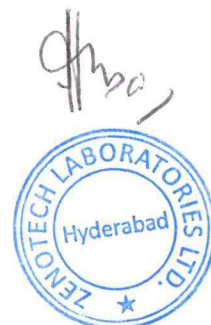
Phone:+91 90320 44584/585/586 Website: www.zenotechlab.com

Statement of Standalone Unaudited Financial Results for the Period ended 30 September 2019

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

Sl. No.	Particulars	Quarter ended			Half Year ended		Year ended
		30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I	Revenue From Operations	713.80	697.47	264.18	1,411.27	476.94	1,302.91
II	Other Income	39.42	28.50	38.06	67.92	88.30	470.96
III	Total Income (I+II)	753.22	725.97	302.24	1,479.19	565.24	1,773.87
IV	Expenses						
	a). Cost of materials consumed	0.03	11.23	19.88	11.26	35.26	70.55
	b). Purchase of Stock-in-Trade	-	-	-	-	-	-
	c). Changes in inventories of finished goods, work-in-progress and stock-in-trade	-	-	-	-	-	1.19
	d). Employee benefit expenses	148.63	139.83	123.82	288.47	251.96	498.04
	e). Finance costs	31.62	25.66	0.53	57.28	0.59	11.77
	f). Depreciation and amortization expense	112.79	108.66	103.86	221.45	206.24	420.20
	g). Other Expenses	250.20	254.93	284.99	505.12	547.94	1,084.83
	Total expenses	543.27	540.31	533.08	1,083.58	1,041.99	2,086.58
V	Profit/(Loss) before exceptional items and tax (III-IV)	209.95	185.66	(230.84)	395.61	(476.75)	(312.71)
VI	Exceptional items	-	-	-	-	-	-
VII	Profit/(Loss) before tax (V-VI)	209.95	185.66	(230.84)	395.61	(476.75)	(312.71)
VIII	Tax expense						
	a). Current Tax	-	-	-	-	-	-
	b). Deferred Tax	-	-	-	-	-	-
	Total Tax Expense (VIII)	-	-	-	-	-	-
IX	Profit/(Loss) for the period (VII-VIII)	209.95	185.66	(230.84)	395.61	(476.75)	(312.71)
X	Other Comprehensive Income						
	a). Items that will not be reclassified to Profit or Loss						
	Re - measurement of the defined benefit obligations	0.19	0.19	1.53	0.38	3.07	0.77
	b). Items that will be reclassified to Profit or Loss	-	-	-	-	-	-
XI	Total Comprehensive Income/ (loss) for the period (IX+X)	210.14	185.85	(229.31)	395.99	(473.69)	(311.94)
XII	Paid-up equity share capital (Face value of ₹ 10/- per share)	6,103.06	6,103.06	6,103.06	6,103.06	6,103.06	6,103.06
XIII	Reserves i.e. Other equity						(2,213.23)
XIV	Earnings/ (loss) per share (of ₹ 10/- each) (not annualised)						
	a). Basic	0.34	0.30	(0.44)	0.65	(0.90)	(0.51)
	b). Diluted	0.34	0.30	(0.44)	0.65	(0.90)	(0.51)

See accompanying notes to the financial results



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Unaudited Standalone Statement of Assets and Liabilities

(Rs in Lakhs)

Particulars	As at 30 September 2019 Unaudited	As at 31 March 2019 Audited
ASSETS		
(1) Non Current Assets		
(a) Property, Plant and Equipment	4,916.13	4,310.85
(b) Capital Work-In-Progress	1,890.23	1,695.14
(c) Financial Assets		
(i) Investments	-	-
(ii) Others	70.60	63.68
(d) Income Tax Assets (net)	71.90	79.30
(e) Other Non-current Assets	435.83	389.92
Total Non - Current Assets	7,384.69	6,538.90
(2) Current Assets		
(a) Inventories	48.60	58.42
(b) Financial Assets		
(i) Investments	-	-
(ii) Trade Receivables	359.11	235.81
(iii) Cash and Cash Equivalents	1,850.95	1,319.63
(iv) Bank balances other than above	3.90	5.60
(v) Other financial asset	31.24	31.80
(c) Current Tax Assets (Net)	8.00	-
(d) Other Current Assets	179.46	268.17
Total Current Assets	2,481.26	1,919.43
TOTAL ASSETS	9,865.95	8,458.33
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share capital	6,103.06	6,103.06
(b) Other Equity	(1,817.24)	(2,213.23)
Total Equity	4,285.82	3,889.83
LIABILITIES		
(1) Non-current Liabilities		
(a) Financial Liabilities	-	-
(b) Provisions	39.25	33.72
Total Non - Current Liabilities	39.25	33.72
(2) Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	3,024.00	2,024.00
(ii) Trade payables		
(a) Total outstanding dues of Micro and Small Enterprises	65.24	39.49
(b) Total outstanding dues other than above	347.51	372.04
(iii) Other financial liabilities	327.44	334.27
(b) Other Current Liabilities	48.44	45.07
(c) Provisions	1,728.25	1,719.91
Total Current Liabilities	5,540.88	4,534.78
TOTAL EQUITY AND LIABILITIES	9,865.95	8,458.33



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Unaudited Standalone Cash Flow Statement for the Period ended 30 September 2019

(Rs in Lakhs)

Particulars	For the Period ended 30 September 2019	For the Period ended 30 September 2018
A. Cash flows from operating activities		
Profit / (Loss) before taxation	395.61	(476.75)
Adjustments for:		
Depreciation and amortisation	221.45	206.24
Amounts written back	(0.74)	-
Unrealised foreign exchange loss, net	(0.24)	22.66
Interest expenses	57.28	0.59
Interest income	(51.85)	(76.12)
Operating cash flows before working capital changes	621.51	(323.38)
Changes in Working Capital:		
(Increase)/ decrease in trade receivables	(123.29)	(0.24)
(Increase)/ decrease in inventories	9.82	8.87
(Decrease)/ increase in trade payables	1.96	38.71
(Increase)/ decrease in other financial assets	0.56	4.58
(Increase)/ decrease in current non financial assets	(8.00)	-
(Increase)/ decrease in non-current financial assets	(6.92)	(14.75)
(Increase)/ decrease in non-current assets	71.83	35.19
(Increase)/ decrease in other current assets	88.70	(72.62)
(Decrease)/ increase in provisions for non current liabilities	5.53	3.15
(Decrease)/ increase in provisions for current liabilities	8.34	36.34
(Decrease)/ increase in other financial liabilities	15.59	47.76
(Decrease)/ increase in other current liabilities	4.00	(587.30)
Cash used in operations	689.63	(823.69)
Income taxes paid/ TDS (net)	7.40	(26.10)
Net cash used in operating activities (A)	697.03	(849.79)
B. Cash flows from investing activities		
Payment for Purchase of property plant equipment (Including Capital advance & Work in Progress)	(1,139.56)	(514.98)
Deposits towards margin money	1.70	60.00
Interest income received	51.85	76.12
Net cash provided by/ (used in) investing activities	(1,086.01)	(378.86)
C. Cash flows from financing activities		
Proceeds from short-term borrowings, net	1,000.00	-
Interest paid	(79.70)	(0.59)
Net cash provided by financing activities (C)	920.30	(0.59)
Net increase/ (decrease) in cash and cash equivalents during the year(A+B+C)	531.32	(1,229.24)
Cash and cash equivalents at the beginning of the year	1,319.63	2,840.48
Cash and cash equivalents at the end of the Period	1,850.95	1,611.24



Notes:

- 1 The above financial results for the quarter ended September 30, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on 2nd November 2019 and have undergone a 'limited review' by the Statutory Auditors of the Company except for the cash flow statement for the half year ended September 30, 2018
- 2 The Company adopted India Accounting Standards ("Ind AS") from April 01, 2015 and accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India.
- 3 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 post 12th November 2011 and after considering the various non-compliances under the Companies Act, 1956, listing agreement and Foreign Exchange Management Act etc.
- 4 The matters relating to several financial and non-financial irregularities pertaining to period prior to November 12, 2011 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. Accordingly, based on the steps taken by the Company and evidence available so far, any financial impact on the results of the Company is likely to be significantly low.
- 5 The Books of accounts and other related records/documents of the overseas subsidiaries of the Company were missing and due to non-availability of those records/information, complaint before the Hon'ble Economic Offences Court, Nampally, Hyderabad, under the provisions of Section 630 of erstwhile Companies Act, 1956 was filed against the former Managing Director, Late Dr. Jayaram Chigurupati, who was in complete "control over the Company's affairs during the period of those events". The Company has evaluated and concluded that it is not controlling US subsidiary as per Ind AS 110 Consolidated Financial Statements basis, its inability to exercise power over the investee. Further, the winding-up process for its subsidiary at Nigeria is concluded and the Company's Board has initiated the winding-up process for the defunct subsidiary in Brazil. The Company is in contact with consultants in Brazil to file the winding-up applications and adhere to the laws of the country. Accordingly, the Company is of the view that it does not have subsidiaries within the definition of Ind AS 110 and hence is not required to prepare and present Consolidated Financial Results.
- 6 On September 20, 2019, vide The Taxation Laws (Amendment) Ordinance, 2019, section 115BAA was inserted in the Income Tax Act, 1961, which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective Financial Year 2019-20 subject to certain conditions. The Company has presently decided not to exercise the said option.



7 Pursuant to the Rights offer, the Company had allotted 266,03,068 equity shares of face value of Rs 10/- each at a premium of Rs 35 per equity share to the shareholders for a total consideration of Rs. 1,197,138,060. These equity shares of the Company were listed in Bombay Stock Exchange (BSE) w.e.f. Friday, July 28, 2017.

8 Use of Rights Issue Proceeds is summarized as below:

(Rupees Lakhs, unless otherwise stated)

Sl. No	Particulars	Planned as per Letter of Offer	Utilisation upto September 30, 2019	Balance as at September 30, 2019
1	Funding capital expenditure requirement for expansion and up gradation of our existing manufacturing units	2,002.45	817.60	1,184.85
2	Repayment in full or part, of certain borrowings availed by our Company	6,988.04	6,988.04	-
3	General corporate purposes	2,980.89	2,980.89	-
	Total	11,971.38	10,786.53	1184.85

- 9 Rights Issue proceeds which remain unutilized as at September 30, 2019 were invested in fixed deposits with scheduled commercial banks
- 10 IND AS 116 extensive disclosures applicable will be made at the year-end only, as Lessor accounting under Ind AS 116 is substantially unchanged when compared with accounting under Ind AS 17
- 11 The Company has only one reportable segment, i.e. Pharmaceuticals.
- 12 Figures for previous period/ year have been regrouped wherever required to conform to the current period presentation.

Date: 2nd November 2019

Place: Mumbai

By Order of the Board

Chairman

DIN: 01219312



Review report to the Board of Directors of Zenotech Laboratories Limited

We have reviewed the unaudited financial results ("the Statement") of **Zenotech Laboratories Limited** ("the Company") for the quarter and half year ended 30th September 2019, being submitted by the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Obligations"), which has been initialed by us for identification.

Attention is drawn to note 1 of the Statement which states that the statement of cash flows for the corresponding period from April 01,2018 to September 30,2018, as reported in the accompanying Statement have been approved by the Board of Directors of the Company, but have not been subjected to our review.

Attention is drawn to note 5 of the Statement which states the reason for non-preparation of consolidated financial results.

This Statement, which is the responsibility of the Company's Management and has been approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), 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 issue a report on this Statement based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (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.



Based on our review conducted, as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Obligations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of matter:

We draw attention to Note 3 & 4 to the Financial results which describe the reconstruction of financial records and various legal proceedings as follows: -

- (a) Based on the information provided to us by the Management, the books of accounts for the financial years ended 31st March 2011 & 31st March 2012 were reconstructed by the Management post 12th November 2011.
- (b) The matters relating to several financial and non-financial irregularities pertaining to period prior to 12th November 2011 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. The Company has represented to us that based on the steps taken by the Management and evidence available so far, any financial impact on the results of the Company is likely to be significantly low.

Our report is not modified in respect of these matters.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No. 003990S/S200018

S. Prasana Kumar

S. Prasana Kumar

Partner

Membership No. 212354

Place: Chennai

Date: 2nd November 2019

UDIN: 19212354AAAAAQ4029