

ZENOTECH LABORATORIES LIMITED

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: February 1, 2020

The Manager
BSE Limited (DCS- CRD)
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001

Scrip Code: 532039

Dear Sir,

Sub: Zenotech Laboratories Limited – Outcome of the Board Meeting

Pursuant to the provisions of Regulations 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the Board of Directors of the Company, at its meeting held on today, i.e. February 1, 2020, has considered and approved, inter-alia, the following items:

1. Unaudited Financial Results of the Company along with Limited Review Report issued by the Statutory Auditors for the quarter and nine months ended December 31, 2019.

The financial results and Limited Review Report has been enclosed as “Annexure A”

2. Based on the recommendation of Nomination and Remuneration Committee held earlier today, the Board has approved the appointment of two Directors:
 - (i) Mrs. Jagruti Prashant Sheth (DIN: 07129549), as an Additional Director (Non-Executive and Independent), to hold office up to the date of ensuing Annual General Meeting of the Company. Mrs. Jagruti Prashant Sheth has been appointed as Independent Director on the Board of the Company, subject to approval of the Members at the ensuing Annual General Meeting of the Company.
 - (ii) Mr. Rakeshchandra Jagdishprasad Sinha (DIN: 07340998), as an Additional Director (Non-Executive and Non-Independent), to hold office up to the date of ensuing Annual General Meeting of the Company.
 - (iii) Re-appointment of Mrs. Kavita Rakesh Shah (DIN: 02566732) as an Independent Director of the Company, subject to approval of the members through Special Resolution at the ensuing Annual General Meeting of the Company.

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The relevant details in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read With SEBI circular No. CIR/CFD/CMD/4/2015 dated 9th September, 2015 is enclosed as "**Annexure B**"

3. To obtain approval of the Members under Section 13 & 27 and all other applicable provisions of the Companies Act, 2013 and rules made thereunder for variation in the terms of "Objects of the Issue" which is less than 10% of the Rights Issue mentioned in the Letter of Offer dated June 21, 2017 of the Company by way of Postal Ballot;

This is in compliance with Regulation 30 and other relevant regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A copy of the same is enclosed herewith.

The Board Meeting commenced at 11:00 AM and concluded at 6:30 PM.

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

ZENOTECH LABORATORIES LIMITED							
CIN: L27100AP1989PLC010122							
Survey No.250-252, Turkapally (V), Shameerpet (M), Ranga Reddy (Dt), Hyderabad - 500078							
Phone: +91 90320 44584/585/586 Website: www.zenotechlab.com							
Statement of Unaudited Standalone Financial Results for the Quarter and Nine months ended 31 December 2019							
(Rs in lakhs, except share and per equity share data)							
Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	31.03.2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I	Revenue From Operations	651.56	713.80	359.61	2,062.83	836.55	1,302.91
II	Other Income	33.92	39.42	27.42	101.84	115.72	470.96
III	Total Income (I+II)	685.48	753.22	387.03	2,164.67	952.27	1,773.87
IV	Expenses						
	a). Cost of materials consumed	38.93	0.03	7.39	50.19	42.65	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	157.87	148.63	118.10	446.34	370.06	498.04
	e). Finance costs	22.93	31.62	1.42	80.21	2.01	11.77
	f). Depreciation and amortization expense	126.12	112.79	103.70	347.57	309.94	420.20
	g). Other Expenses	291.04	250.20	248.60	796.17	796.54	1,084.83
	Total expenses	636.89	543.27	479.21	1,720.48	1,521.20	2,086.58
V	Profit/(Loss) before exceptional items and tax (III-IV)	48.59	209.95	(92.18)	444.19	(568.93)	(312.71)
VI	Exceptional items (Refer Note:8)	636.96	-	-	636.96	-	-
VII	Profit/(Loss) before tax (V-VI)	685.55	209.95	(92.18)	1,081.15	(568.93)	(312.71)
VIII	Tax expense						
	a). Current Tax	-	-	-	-	-	-
	b). Deferred Tax	-	-	-	-	-	-
	Total Tax Expense (VIII)	-	-	-	-	-	-
IX	Profit/(Loss) for the period (VII-VIII)	685.55	209.95	(92.18)	1,081.15	(568.93)	(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	0.58	4.60	0.77
	b). Items that will be reclassified to Profit or Loss	-	-	-	-	-	-
XI	Total Comprehensive Income/ (loss) for the period (IX+X)	685.74	210.14	(90.65)	1,081.73	(564.33)	(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	1.12	0.34	(0.15)	1.77	(0.93)	(0.51)
	b). Diluted	1.12	0.34	(0.15)	1.77	(0.93)	(0.51)

See accompanying notes to the financial results



Notes:

- 1 The above financial results for the quarter and nine months period ended December 31, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on 1st Feb 2020 and have undergone a 'limited review' by the Statutory Auditors of the Company.
- 2 The Company adopted India Accounting Standards ("Ind AS") from April 01, 2016 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 engaged consultant 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 Cost of materials consumed include obsolete inventory written off of Rs.38.93 lakhs during the current quarter (corresponding comparative periods: Rs.Nil).
- 8 The Company has availed the Sabka Vishwas (legacy dispute resolution) scheme, (SVLDRS) 2019 for settling the service tax litigation and arrears. The Government Department has uploaded SVLDRS-3 (demand notice) in December 2019 confirming tax liability of Rs.45.08 lakhs. Basis the aforesaid demand, the Company has reversed the provision made for balance principal amount and interest amount in the books to the extent of Rs.636.96 lakhs and the reversal has been presented under exceptional items in the Results for the period.
- 9 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.

10 (a) 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 Dec 31, 2019	Balance as at Dec 31, 2019
1	Funding capital expenditure requirement for expansion and up gradation of our existing manufacturing units	2,002.45	844.07	1,158.38
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	10,813.00	1,158.38

(b) Rights Issue proceeds which remain unutilized as at December 31, 2019 were invested in fixed deposits with scheduled commercial banks.

- 11 The Board of Directors of the Company vide resolution dated 1st February 2020 has approved variation in terms of "Objects of the Issue" mentioned in the Company's Letter of Offer for the rights issue dated 21st June, 2017, subject to shareholders' approval. Further postal ballot notice for shareholders' approval also has been approved by the Board.
- 12 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
- 13 The Company has only one reportable segment, i.e. Pharmaceuticals.
- 14 Figures for previous period/ year have been regrouped wherever required to conform to the current period presentation.

By Order of the Board



Chairman

DIN:01219312

Date: 1st Feb, 2020

Place: Mumbai



Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Financial Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

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 9 months ended 31st December 2019, being submitted by the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), which has been initialed by us for identification.

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 express a conclusion 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 Regulations, 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: 1st February 2020

UDIN: 20212354AAAAAF7658



1. Appointment of Mrs. Jagruti Prashant Sheth as an Additional Director (Non-Executive Independent Director)

S.No.	Particulars	Information of event
1.	Reason for change viz, appointment, Resignation, removal, death or otherwise	Appointment
2.	Date of appointment/cessation & term of appointment	Date of appointment : 1st February 2020 Terms of Appointment: Appointed as an Additional Director (Non-Executive and Independent), to hold office up to the date of ensuing Annual General Meeting of the Company.
3.	Brief profile (in case of appointment)	<p>Mrs. Jagruti Prashant Sheth is a versatile Chartered Accountant and a Law graduate, with more than 22 years of practical experience with professional firms catering to large business houses in varied sectors such as Health care & Pharma, Sugar, Infrastructure, Real Estate, Financial Market, Chemicals, Mining, IT/ITeS, Gems & Jewellery, Dairy Products, etc.</p> <p>She has significant experience in structuring & implementation of transactions. Prior to functioning independently, she was a Partner, Transaction Support Services with Bathiya & Associates LLP for 16 years after which she accepted the role of Sr. Manager in Transaction Tax, Tax & Regulatory Services team of BDO India LLP and thereafter she chose to be Principal, M&A Tax at Dhruva Advisors LLP.</p> <p>She specializes in Corporate Restructuring, Mergers, Amalgamations, Demergers, capital structuring, Valuations, Due Diligence, Private Equity deals, acquisitions (including negotiations and documentation), Pre-IPO & IPO structuring, Corporate Laws & Exchange Control Regulations, BIFR and sick company restructuring.</p> <p>She has spoken on topics organized by the Institute of Chartered Accountants of India, All India Plastic Manufacturer's association, ICSI, Doordarshan and she is a visiting faculty at ICAI and also contributed to the journal published by Chamber of Tax Consultants ('CTC') including being a member of Research & Publication Committee of the Chamber of Tax Consultants.</p>
4.	Disclosure of relationships between directors (in case of appointment of a director)	NIL

2. Appointment of Mr. Rakeshchandra Jagdishprasad Sinha as an Additional Director (Non-Executive Non-Independent Director)

S.No.	Particulars	Information of event
1.	Reason for change viz, appointment, Resignation, removal, death or otherwise	Appointment
2.	Date of appointment/cessation & term of appointment	Date of appointment : 1st February 2020 Terms of Appointment: Appointed as an Additional Director (Non-Executive and Non-Independent), to hold office up to the date of ensuing Annual General Meeting of the Company.
3.	Brief profile (in case of appointment)	<p>Mr. Rakeshchandra Jagdishprasad Sinha is a graduate in Commerce and LL.B, with 34 years of experience in the field of legal and compliance functions. At Sun Pharmaceutical Industries Limited, he is managing the legal function which comprises of over 20 lawyers across multiple jurisdictions, implementing the concept of legal business partnering to empower them within the business as well as implementing an extensive use of technology to create greater efficiencies in the legal team. He is also commended for working on a number of important projects of Sun Pharma, recently such as India's first international arbitration referred by the Supreme Court to Bombay International Arbitration Centre, high value and high risk drug price control litigations with the Indian government, commercial disputes in several countries (including Malaysia, Singapore, Turkey, Hong Kong and China among others) as well as various high value acquisitions in Russia, Japan and the US.</p> <p>In his 34 years of experience he has worked for many renowned companies / groups viz., Reliance Industries Limited, Hitachi, Vedanta Group etc. He has also practiced as an advocate and was associated with Bank of Baroda and Government of Uttar Pradesh.</p>
4.	Disclosure of relationships between directors (in case of appointment of a director)	NIL