

**ZENOTECH LABORATORIES LIMITED**

8-2-120/112/88-89/P/2, 4<sup>th</sup> Floor, Park View Estate, Road No.2, Banjara Hills  
Hyderabad - 500 034

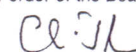
Unaudited financial results for the quarter ended 31<sup>st</sup> December, 2007

(Rs. in lakhs)

S.No.	Particulars	3 months ended		9 months ended		Year ended
		Unaudited	Audited	Unaudited	Audited	Audited
		31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06	31-Mar-07
1	Income from sales and operations	161.30	228.14	784.89	1,085.97	1,364.64
	Less: Excise duty	6.81	7.10	27.99	55.22	62.66
	<b>Net sales</b>	<b>154.49</b>	<b>221.04</b>	<b>756.90</b>	<b>1,030.75</b>	<b>1,301.98</b>
2	License fee	-	-	-	-	900.00
3	Other income	53.98	14.49	71.21	33.79	29.49
4	Total income	208.47	235.53	828.11	1,064.54	2,231.47
5	<b>Expenditure</b>					
	a. (Increase) / decrease in stock	(5.91)	48.21	(65.95)	(131.62)	(213.67)
	b. Material cost etc.	75.90	90.91	244.46	597.19	768.09
	c. Other manufacturing expenses	92.26	40.09	263.51	66.00	164.16
	d. Staff cost	134.71	131.60	383.88	292.40	439.52
	e. Administration, selling and distribution and other expenses	54.34	111.16	179.29	311.88	385.67
	f. Product development expenses	57.31	54.00	108.78	54.00	114.38
	g. Depreciation	69.84	63.76	209.68	108.63	182.10
	h. Amortisation of miscellaneous expenditure including product development expenditure	33.59	34.79	100.44	60.27	91.26
	i. Total	512.04	574.52	1,424.09	1,358.75	1,931.51
6	Interest	72.21	69.79	204.68	137.92	211.14
7	<b>Profit (+)/ loss (-) from Ordinary Activities before tax (4)-(5+6)</b>	<b>(375.78)</b>	<b>(408.78)</b>	<b>(800.66)</b>	<b>(432.13)</b>	<b>88.82</b>
8	Tax expense					
	- Current tax	-	-	-	-	7.67
	- Fringe Benefit tax	1.66	2.00	4.50	5.82	8.82
	- Deferred tax - (Credit)	-	(318.66)	-	(318.66)	(290.14)
9	<b>Net Profit (+)/ Loss (-) from Ordinary Activities after tax (7-8)</b>	<b>(377.44)</b>	<b>(92.12)</b>	<b>(805.16)</b>	<b>(119.29)</b>	<b>362.47</b>
10	Extraordinary items					
	- Deferred tax asset (See note 5 below)	893.03	-	893.03	-	-
11	<b>Net Profit (+) / loss (-) for the period (9-10)</b>	<b>(1,270.47)</b>	<b>(92.12)</b>	<b>(1,698.19)</b>	<b>(119.29)</b>	<b>362.47</b>
12	Paid-up equity share capital (Face value of Rs.10/- per equity share)	3,430.00	2,881.05	3,430.00	2,881.05	2,881.05
13	Reserves excluding revaluation reserves as per balance sheet of previous accounting year					3,332.82
14	Earnings per share (not annualized) (Rs.)					
	Before extra-ordinary item:					
	- Basic & diluted	(1.27)	(0.33)	(2.72)	(0.43)	1.29
	After extra-ordinary item:					
	- Basic & diluted	(4.28)	(0.33)	(5.73)	(0.43)	1.29
15	Public shareholding					
	- Number of shares	25,725,000	12,356,558	25,725,000	12,356,558	12,356,558
	- Percentage of shareholding	75.00%	42.89%	75.00%	42.89%	42.89%

- Notes:
- The above results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on January 31, 2008
  - The Statutory Auditors of the Company have carried out a "Limited Review" of the above unaudited financial results.
  - The Company operated in one segment only - Pharmaceuticals.
  - The Company's subsidiary in Brazil is yet to start its commercial operations.
  - In the financial year ended 31st March, 2007 Company recognised deferred tax asset of Rs.893.03 lakhs on carried forward business losses and unabsorbed depreciation. The auditors in their report have qualified that in their opinion this accounting treatment is not in accordance with the requirements of Accounting Standard 22 (AS) on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India. In the current quarter the Management has reviewed the position and decided to write-off deferred tax asset of Rs.893.03 Lakhs created in the previous year.
  - During the current quarter, in terms of its shareholders resolution dated 8<sup>th</sup> November, 2007 the Company has issued 54,89,536 equity shares of Rs.10/- each to M/s. Ranbaxy Laboratories Limited at a premium of Rs. 150/- per share on preferential allotment basis on 23rd November, 2007. Out of the proceeds of Rs.8783.25 lakhs from the aforesaid issue, the Company utilised the funds for repayment of secured and unsecured loans and to meet the working capital needs of the company etc., Balance unutilised amount of Rs.6221.18 lakhs has been invested in Fixed Deposits with Banks.
  - During the quarter under review, the following is the status of investor compliants : opening balance : nil; received during the quarter : nil; resolved during the quarter: nil; closing balance: nil.
  - Figures have been regrouped/reclassified and recast wherever necessary.

By order of the Board



Dr. Jayaram Chigurupati  
Chairman and Managing Director

Place: Hyderabad  
Date :

**For Identification**  
**Deloitte Haskins & Sells**