



Zeal & Innovation in Medicine
Zim Laboratories Limited

CERTIFIED TRUE COPY

For ZIM LABORATORIES LIMITED


(Piyush Nikhade)
Company Secretary



33rd Annual Report
2016-2017

Registered Office

Sadoday Gyan (Ground Floor), Opp. NADT, Nelson Square, Nagpur – 440 013
Phone : 0091 – 712 2588070 • e-mail : corporate@zimlab.in

Mr. Zakir S. Vali, Chairman Emeritus

// Board of Directors //

- 1) Mr. Anwar S. Daud, Chairman-Cum-Managing Director
- 2) Mr. Riazahmed K. Kamal, Director (Administration)
- 3) Mr. Zulfiquar M. Kamal, Director (Finance)
- 4) Mr. Prakash Sapkal, Director (Operations)
- 5) Mr. Niraj Dhadiwal, Director (Business Development)
- 6) Dr. V.V. Parashar, Independent Director
- 7) Mr. Naresh Gaikwad, Independent Director
- 8) Mr. Suprakash Chakravarty, Independent Director
- 9) Mr. Raghav Kapoor, Nominee Director

// Company Secretary //

Mr. R.A. Parasuraman

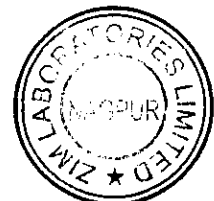
// Bankers //

- 1) Bank of India
- 2) Shamrao Vithal Co-operative Bank Limited
- 3) ICICI Bank Limited

// Auditors //

M/s Walker Chandiok & Co. LLP
Chartered Accountants

// Legal Advisor//
Adv. Shabana Karim



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ZIM LABORATORIES LIMITED
Sadoday Gyan (Ground Floor), Opp. NADT, Nelson Square, Nagpur – 440 013

To

All the Members, Directors, Auditors
and Secretarial Auditor
of Zim Laboratories Ltd.

**NOTICE OF THE THIRTY THIRD ANNUAL GENERAL MEETING
TO BE HELD ON 16.09. 2017**

NOTICE is hereby given that the Thirty Third Annual General Meeting of Zim Laboratories Limited will be held on Saturday, the 16th September, 2017 at 11.00 a.m. at Chitnavis Centre, 56, Temple Road, Civil Lines, Nagpur – 440 001 to transact the following business :-

ORDINARY BUSINESS :

To pass, if thought fit, the following Resolutions as Ordinary Resolution:-

Adoption of Audited Financial Statements for 2016-17 and Reports :

1. "RESOLVED that the audited financial statement along with the report of the Auditors thereon and the Board Report including the prescribed annexures namely – Management Discussion and Analysis, Corporate Governance Report, Secretarial Audit Report and prescribed form in respect of CSR expenditure be and are hereby adopted."

Declaration of Dividend :

2. "RESOLVED that a dividend @ 10% for the equity shares which means Re. 1/- per share for the year 2016-17 be and is hereby declared."

Re-appointment of Director in place of retiring Director :

3. "RESOLVED that Mr. Riazahmed K. Kamal, Director (Administration) DIN : 0023562 who retires at this meeting and being willing and eligible, is re-appointed as Whole-time Director of the Company designated as Director (Administration)."

Ratification of Appointment of Auditors for 2017-18 :

4. "RESOLVED that the appointment of M/s Walker Chandok & Co. LLP (ICAI Firm Registration No. 001076N/N500013) 16th Floor, Tower II, Indiabulls Finance Centre, S B Marg, Elphinstone (W), Mumbai – 400 013 who have been appointed for a term of five years commencing from the financial year 2015-16 but the appointment for every year is subject to ratification by the members, their appointment for the year 2017-18 be and is hereby ratified."

SPECIAL BUSINESS :

To pass if thought fit, Resolution 5 as an Ordinary Resolution :-

Appointment of Dr. Anwar Siraj Daud as Managing Director :

5. RESOLVED that whereas Dr. Anwar Siraj Daud (DIN : 00023529) has been reappointed as Managing Director by the Board for a period of five years on the terms & conditions contained in the Board Resolution dt. 19.07.2017 subject to approval by the members, the said appointment of Dr. Anwar Siraj Daud as Managing Director and the terms & conditions contained in the Board Resolution dt. 19.07.2017 be and is hereby approved."

To pass, if thought fit, Resolution No. 6, 7, 8 and 9 below as a Special Resolution.

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For ZIM LABORATORIES LIMITED

(Piyush Nikhade)
Company Secretary



Approval for payment of remuneration to Managing Director and the Whole-time Directors pursuant to Section II Part II of Schedule V:-

6. "RESOLVED that the increase in remuneration of the Managing Director and the Whole-time Directors granted by the Board of Directors by its resolution dt. 19.07.2017 which is in excess of the prescribed 10% of the net profit of the Company for the year, pursuant to Section II Part II of Schedule V, consent of the members be and is hereby given for payment of remuneration to the Managing Director and the Whole-time Directors within the limits prescribed under the said Section as may be decided by the Board of Directors for three years starting with 2017-18."

Appointment of Dr. V.V. Parashar as Independent Director:

7. "RESOLVED that Dr. V.V. Parashar (DIN : 02456416), be and is hereby reappointed as Independent Directors of the company for a term of five years commencing from 1st April 2017 at a remuneration of Rs. 1.00 lacs per annum by way of commission."

Appointment of Mr. Naresh Gaikwad as Independent Director :

8. "RESOLVED that Mr. Naresh Gaikwad (DIN : 02185462) be and is hereby reappointed as Independent Directors of the company for a term of five years commencing from 1st April 2017 at a remuneration of Rs. 1.00 lacs per annum by way of commission."

Appointment of Mr. Suprakash Chakravarty as Independent Director :

9. RESOLVED that Mr. Suprakash Chakravarty (DIN : 03010382) be and is hereby reappointed as Independent Directors of the company for a term of five years commencing from 1st April 2017 at a remuneration of Rs. 1.00 lacs per annum by way of commission."

To pass, if thought fit, Resolution No. 10 below as an Ordinary Resolution.

Ratification of remuneration of Cost Auditor for the financial year 2017-18 :

10. "RESOLVED that the remuneration of Rs. 3,30,000/- plus applicable taxes and travelling and out of pocket expenses as per actuals to M/s Dhananjay V. Joshi & Associates, Cost Auditor appointed by the Board of Directors by resolution dt. 10.08.2017 be and is hereby ratified."

To pass, if thought fit, Resolution Nos. 11, 12 and 13 below as Special Resolutions :

Approval for alteration to Memorandum of Association of the Company.

11. "RESOLVED that pursuant to Section 13 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and any other rules framed under the Act (including any statutory modification thereto or re-enactment thereof for the time being in force), the consent of Members of the Company be and is hereby accorded to alter Memorandum of Association of the Company".

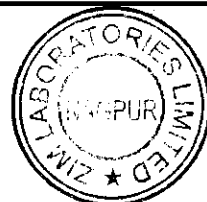
"RESOLVED FURTHER that the Part A of the Objects Clause of the Memorandum of Association of the Company shall now be titled as 'The objects to be pursued by the company on its incorporation:'"

"RESOLVED FURTHER THAT pursuant to Section 13 and all other applicable provisions, if any, of the Companies Act, 2013, the following Clause 32 be inserted after Clause 31 under Part B of the Objects Clause of the Memorandum of Association of the Company and the said Part B shall now be titled as 'Matters which are necessary for furtherance of the objects specified in Part A':

Clause 32

To undertake Corporate Social Responsibility (CSR) activities in terms of the provisions of the Companies Act, 2013 and Rules made thereunder or in such other manner as the Company deems fit."

"RESOLVED FURTHER THAT, wherever required, the reference to various sections of the Companies Act, 1956 be replaced with the reference to the corresponding sections of the Companies Act, 2013, in Part B of the Objects Clause of the Memorandum of Association of the Company."



"RESOLVED FURTHER THAT the existing Part C titled 'Other Objects' of the Objects Clause in the Memorandum of Association of the Company be deleted."

Approval for alteration to Articles of Association of the Company.

12. "RESOLVED THAT pursuant to Section 14 of the Companies Act, 2013 (Act) and other applicable provisions, if any, of the Act and any other rules framed under the Act (including any statutory modification thereto or re-enactment thereof for the time being in force), the consent of the Members of the Company be and is hereby accorded to adopt the new set of Articles of Association of the Company."

Re-classification of Promoters.

13. "RESOLVED that pursuant to provisions of Regulation 31A(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") (including any amendments made thereto) or any other applicable provisions of Listing Regulations and other applicable laws, the consent of the Members of the Company be and is hereby given to reclassify the following persons: (i) Mr. Zakir S. Vali, (ii) Mr. Faiz Vali, (iii) Mr. Mohammed S. Vali, (iv) Mr. Niraj Dhadiwal, (v) Mrs. Monika Dhadiwal, (vi) Mrs. Pramila Dhadiwal, (vii) Mr. Prakash Sapkal, (viii) Mr. Riazahmed K. Kamal (ix) Mr. Naresh Gaikwad and (x) Dr. V.V. Parashar from the promoter or promoter group category to public shareholders category."

RESOLVED FURTHER that Mr. Zakir S. Vali, Mr. Faiz Vali and Mr. Mohammed S. Vali have ceased to exercise direct and indirect control over the management and affairs of the Company and they do not have veto rights, information rights or any special rights as to voting power or control of the Company.

RESOLVED FURTHER that the consent of the Members of the Company be and is and is hereby given, to an application to be made to BSE Limited seeking its consent for reclassifying: (i) Mr. Zakir S. Vali, (ii) Mr. Faiz Vali, (iii) Mr. Mohammed S. Vali (iv) Mr. Niraj Dhadiwal, (v) Mrs. Monika Dhadiwal, (vi) Mrs. Pramila Dhadiwal, (vii) Mr. Prakash Sapkal, (viii) Mr. Riazahmed K. Kamal (ix) Mr. Naresh Gaikwad and (x) Dr. V.V. Parashar from promoter or promoter group to public shareholders and that any of the said persons may act as a key managerial personnel in the Company.

RESOLVED FURTHER that any of the Directors of the Company and the Company Secretary of the Company be and are hereby severally authorized to take such steps and to do all such other acts, deeds, matters and things and accept any alteration(s) or amendment(s) or correction(s) or modification(s) as it may deem fit and appropriate and give such directions/ instructions as may be necessary to settle any question, difficulty or doubt that may be required to implement the aforesaid resolution."

By Order of the Board
ZIM LABORATORIES LIMITED

Place : NAGPUR
Date : 20.09.2017

(Anwar S. Daud)
Managing Director

Note :

- 1) Copy of the audited Financial Statements along with reports of Auditors and the Board Report is attached.
- 2) Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the Special Business proposed, is attached.
- 3) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. INSTRUMENT OF PROXY IF ANY, SHOULD REACH THE REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR MEETING. BLANK PROXY FORM IS ATTACHED.
- 4) Corporate members intending to send their representative to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising the representative to attend and vote on their behalf at the Meeting.
- 5) Members / proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
- 6) Members/Proxy holders attending the Annual General Meeting are requested to bring their copies of the Annual Report with them.

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(Piyyush Nikhade)
Company Secretary



- 7) (a) The Company is providing facility for voting by electronic means and the business may be transacted through such voting.
- (b) Members attending the meeting who have not already cast their vote by remote e voting shall be able to exercise their right at the meeting by physical voting.
- © The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- 8) If any member wants copy of the amended Memorandum of Association and Articles of Association, it will be sent to the member on written request to Registered Office of the Company.
- 9) **Voting through electronic mode**
 - (a) Members whose email addresses are registered with their Depository Participants (in case of shares held in demat form) or with the Company's Registrar and Share Transfer Agent (in case of shares held in physical form) will receive an email from NSDL informing them of their User-ID and Password. Once the Member receives the email, he or she will need to go through the following steps to complete the e-voting process.
 - (b) Open the email and open the PDF file titled 'Zim e-voting.pdf', using your Client ID or Folio No. as Password. The said PDF file contains your user ID and password for e-voting. Please note that this password is an initial password.
 - (c) Launch your internet browser by typing the following URL: <https://www.evoting.nsd.com>
 - (d) Click on Shareholder – Login.
 - (e) Enter the user ID and Password (the initial password noted in step (a) above). Click on Login.
 - (f) The Password change menu will appear. Change the Password to a Password of your choice. The new Password should have a minimum of 8 (eight) digits / characters or combination thereof. It is strongly recommended that you do not share your Password with any other person and take utmost care to keep your Password confidential.
 - (g) The homepage of e-voting will open. Click on 'e-voting: Active Voting Cycles'.
 - (h) Select 'EVEN' (E Voting Event Number) of Zim Laboratories Limited. For an EVEN, you can login any number of times on e-voting platform of NSDL till you have voted on the Resolution during the voting period.
 - (i) Now you are ready for e-voting as the 'Cast Vote' page opens.
 - (j) Cast your vote by selecting the option of your choice and clicking on 'Submit', and also remember to 'Confirm' when prompted.
 - (k) Upon confirmation, the message 'Vote cast successfully' will be displayed.
 - (l) Once you have voted on the Resolution, you will not be allowed to modify your vote.
 - (m) Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authorization Letter etc., together with attested specimen signature of the authorized signatory / signatories who are authorized to vote, to the Scrutinizer via e-mail to roshnijethani2015@gmail.com with a copy marked to cs@zimlab.in and evoting@nsdl.co.in
- 10) For Members whose email IDs are not registered with the Company / Depository Participant(s) and who receive the physical Postal Ballot Forms, the following instructions may be noted:
 - a) The initial password is provided at the bottom of the Postal Ballot Form.
 - b) Please follow all the steps from (a) to (j) mentioned above, to cast your vote successfully.
- 11) In case of any queries, you may refer to the Frequently Asked Questions (FAQs) and e-voting user manual for Members available in the 'Downloads' section of www.evoting.nsd.com or contact NSDL by email at evoting@nsdl.co.in.
- 12) Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot Password' option available on the site to reset the Password.
- 13) If you are already registered with NSDL for e-voting, then you can use your existing user ID and Password for casting your vote.
- 14) The e-voting period commences on Wednesday the 13th September, 2017 from 9.00 a.m. and ends on Friday the 15th September, 2017 at 5.00 p.m. During this period, members of the Company holding shares either in physical form or in dematerialized form, as on the relevant date, i.e. the 09.09.2017 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a Resolution is cast by a Member, he or she will not be allowed to change it subsequently.
- 15) The Share Transfer Books of the Company shall remain closed from 09.09.2017 to 16.09.2017 (both days inclusive)



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Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the Special Business for the Annual General Meeting on 16th September, 2017.

Resolution No. 5 - Approval of appointment of Dr. Anwar Siraj Daud as Managing Director.

The tenure of Dr. Anwar Siraj Daud as Managing Director is upto 31.07.2017 and the Board has appointed him as Managing Director pursuant to Section 196(4) of the Companies Act, 2013 on the following terms & conditions :-

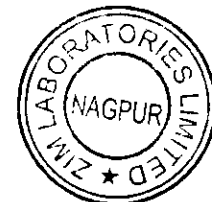
1. Remuneration - Rs. 1,00,00,000/- per annum.
 2. Medical reimbursement – as per Company rules.
 3. Provident Fund / Superannuation fund or Annuity – to the extent permissible under the Income Tax Act, 1961.
 4. Leave – as per Company rules.
 5. Personal Accident Insurance – the premium per annum limited to such amount as taken together with the salary will be within the ceiling of remuneration under the Companies Act, 2013.
 6. Car with driver for company's business and telephone at his residence.
 7. Gratuity – as half month's salary for every completed year of service.
- The above terms & conditions is subject to the approval by shareholders. The resolution is brought seeking shareholders approval for the same.

No Director other than Dr. Anwar Siraj Daud is interested in the resolution otherwise than as a Director.

Resolution No. 6 - Approval for payment of remuneration to Managing Director and the Whole-time Directors pursuant to Section II Part II of Schedule V :-

Under Section 197 of the Companies Act, 2013, the total remuneration for Managing Director and the Whole-time Directors is limited to 10% of the net profit for the year. In the absence or inadequacy of profit, the Company may pay remuneration to them in excess of the 10% but upto the limit prescribed under Section II Part II of Schedule V of the Companies Act, 2013 but, with the approval of the shareholders. The approval can be for three years at a time and the amount of remuneration can be double the amount prescribed under Section II Part II of Schedule V if the resolution is passed as a Special Resolution. However, while seeking approval the Company has to give the prescribed particulars in the Explanatory Statement which are given below :-

| I. General Information | | |
|------------------------|--|---|
| (1) | Nature of industry | : Pharmaceutical Industry from 1984. |
| (2) | Date or expected date of commencement of commercial production. | : Not Applicable |
| (3) | In case of new companies, expected date of Commencement of activities as per project approved by financial institutions appearing in the prospectus. | : Not Applicable. |
| (4) | Financial performance based on given indicators. | : Company's Profit Before Tax has increased from Rs. 5.36 Crores in 2015-16 to Rs. 17.31 Crores in 2016-17. |
| (5) | Foreign investments or collaborations, if any. | : (i) AA Development Capital 17,82,652 equity shares of Rs. 10/- each India Fund-1, LLC, Mauritius |



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| | | (ii) Dr. Iguer Abdelmounaim an Algerian national | 1,94,280 equity shares of Rs. 10/- each |
| | | (iii) Mr. Salhi Khaled, Algerian national | 21,588 equity shares of Rs. 10/- each |

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| II Information about the appointee : | | |
| (1) | Background details | } Given below in respect of the Managing Director and Whole-time Directors, separately. |
| (2) | Past remuneration | |
| (3) | Recognition or awards. | |
| (4) | Job profile and his suitability. | |
| (5) | Remuneration proposed. | |
| (6) | Comparative remuneration profile with respect to industry, size of the company, profile of the position (in case of expatriates the relevant details would be with respect to the country of his origin | |
| (7) | Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial | |

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| II Other Information : | | |
| (1) | Reasons for loss or inadequate profits. | : Due to delay in receipt of orders from Government, Change in product mix diverting major portion to more profitable export sales, results to be reflected in subsequent years and increased outlay in marketing and R & D. |
| (2) | Steps taken or proposed to be taken for improvement. | : Product mix has been revised reducing low Government business and significantly increasing export segment. |
| (3) | Expected increase in productivity and profits in measurable terms | : It is not possible to quantify the productivity and profits in measurable terms at this point of time. |
| I Disclosures in the Board Report : | | : This will be complied with. |

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| II. Information about the appointee : | | : Dr. Anwar Siraj Daud, Managing Director |
| (1) | Background details | : Dr. Anwar Siraj Daud is M. Pharm , PhD and is a well-known person in the pharmaceutical industry having vast knowledge and experience in the field. He has been Managing Director of the Company since 2002 and because of his able and dedicated stewardship the Company could achieve its present stature. |
| (2) | Past remuneration | : Salary of Rs. 62.00 lacs p.a. plus 30% HRA, aggregating Rs. 80.60 lacs p.a. |
| (3) | Recognition or awards. | : (i) Nominated as member of All India Board of Pharmaceutical Education constituted by the AICTE from 01.08.1997 to 31.07.1999 |
| | | (ii) Member, Board of Studies of Pharmaceutical |
| | | (iii) Member, Ayurvedic Drug Standardization Committee constituted by Food & Drug Administration, Maharashtra State in 1997. |
| | | (iv) Under his management ZIM Laboratories Limited was awarded in 1993 as one of the best run industrial units in the area by District Industries Centre. |
| | | (v) Nominated as Advisor in Advisory Board of Mahanishi Markandeshwar University, Mullana. |



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| (4) | Job profile and his suitability. | : | He has been the Managing Director of the Company for fifteen years since 2002 and the progress of the Company justified his suitability for the position. |
| (5) | Remuneration proposed. | : | Rs. 1.00 Crore per annum. |
| (6) | Comparative remuneration profile with respect to Industry, size of the company, profile of the position (in case of expatriates the relevant details would be with respect to the country of his origin. | : | Mr. Rakesh Chandrakant Gogri, Managing Director of Aarti Drugs Limited is being paid @ Rs. 1.06 Crores per annum. |
| (7) | Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any. | : | He is a major shareholder of the Company holding 22,22,720 equity shares. He has no other direct or indirect pecuniary relationship with the Company or with managerial personnel. |

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| II. | Information about the appointee : | : | Mr. Zulfiqar M. Kamal, Director (Finance) |
| (1) | Background details | : | He is a Chartered Accountant by profession and is highly knowledgeable and experienced in finance and treasury management particularly corporate finance. |
| (2) | Past remuneration | : | Rs. 48.00 lacs p.a. approved by the shareholders and paid for the previous year. |
| (3) | Recognition or awards. | : | NIL |
| (4) | Job profile and his suitability. | : | He has been associated with the Company as a Financial Consultant for more than a decade and has been a Whole-time Director (Finance) since 19.10.2012. He has justified his suitability by successfully managing the finance of the Company even in extremely difficult times. |
| (5) | Remuneration proposed. | : | Rs. 62.00 lacs per annum |
| (6) | Comparative remuneration profile with respect to Industry, size of the company, profile of the position (in case of expatriates the relevant details would be with respect to the country of his origin. | : | Mr. Harit P. Shah, Whole-time Director of Aarti Drugs Limited is being paid @ Rs. 1.06 Crores per annum. |
| (7) | Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any. | : | He holds 1,99,010 equity shares of Rs.10/- each in the Company. He does not have any other direct or indirect pecuniary relationship with the Company or any managerial personnel. |

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| II. | Information about the appointee : | : | Mr. Riazahmed K. Kamal, Director Administration) |
| (1) | Background details | : | He is B.Sc, AIC and has been associated with the Company for more than twenty years and as Executive Director since 1998. |
| (2) | Past remuneration | : | Rs. 20.00 lacs per annum |
| (3) | Recognition or awards. | : | NIL |
| (4) | Job profile and his suitability. | : | He has been efficiently managing the administration and H.R. functions in the Company all these years and, therefore, by his own performance he justifies his suitability. |
| (5) | Remuneration proposed. | : | Rs. 27.00 lacs per annum. |



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| (6) | Comparative remuneration profile with respect to Industry, size of the company, profile of the position (in case of expatriates the relevant details would be with respect to the country of his origin | : Mr. Harit P. Shah, Whole-time Director of Aarti Drugs Limited is being paid @ Rs. 1.06 Crores per annum. |
| (7) | Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any. | : He holds 1,700 equity shares of Rs.10/- each in the Company. He does not have any other direct or indirect pecuniary relationship with the Company or any managerial personnel. |

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| II. | Information about the appointee : | : Mr. Prakash Sapkal, Director (Operations) |
| (1) | Background details | : He is B. Pharm, M.B.A. and has been working with the Company for more than twenty years. Prior to his appointment as Whole-time Director he was Vice-president (Operations) of the Company. |
| (2) | Past remuneration | : Rs. 34,50 lacs per annum. |
| (3) | Recognition or awards. | : NIL |
| (4) | Job profile and his suitability. | : He has been efficiently managing the production and operations functions in the Company as Vice-president and his appointment as a Whole-time Director itself justifies his suitability. |
| (5) | Remuneration proposed. | : Rs. 49.50 lacs per annum. |
| (6) | Comparative remuneration profile with respect to Industry, size of the company, profile of the position (in case of expatriates the relevant details would be with respect to the country of his origin. | : Mr. Harit P. Shah, Whole-time Director of Aarti Drugs Limited is being paid @ Rs. 1.06 Crores per annum. |
| (7) | Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any. | : He holds 37,800 equity shares of Rs.10/- each in the Company. He does not have any other direct or indirect pecuniary relationship with the Company or any managerial personnel. |

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| II. | Information about the appointee : | : Mr. Niraj Dhadiwal, Director (Business Development) |
| (1) | Background details | : He is B. Pharm, D.B.M. and has been associated with the Company for more than twenty years, looking after Business Development function. Prior to his appointment as Whole-time Director he was Vice-president (Business Development) of the Company. |
| (2) | Past remuneration | : Rs. 35.50 lacs per annum. |
| (3) | Recognition or awards. | : NIL |
| (4) | Job profile and his suitability. | : He is in-charge of Business Development function of the Company as Vice-president prior to his appointment as Director (Business Development) and the very fact that he has been appointed as a Whole-time Director itself justifies his suitability. |
| (5) | Remuneration proposed. | : Rs. 50.00 lacs p.a. |
| (6) | Comparative remuneration profile with respect to Industry, size of the company, profile of the position (in case of expatriates the relevant details would be with respect to the country of his origin. | : Mr. Harit P. Shah, Whole-time Director of Aarti Drugs Limited is being paid @ Rs. 1.06 Crores per annum. |
| (7) | Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any. | : He holds 37,700 equity shares of Rs.10/- each in the Company. He does not have any other direct or indirect pecuniary relationship with the Company or any managerial personnel. |



Dr. Anwar Siraj Daud, Mr. Zulfiquar M. Kamal, Mr. Riazahmed K. Kamal, Mr. Niraj Dhadiwal and Mr. Prakash Sapkal approval for whose remuneration is the subject matter of the resolution, are interested in the resolution.

No other Director is interested in the resolution otherwise than as a Director.

Resolution No. 7, 8 & 9 - Appointment of Independent Directors :-

Dr. V. V. Parashar, Mr. Naresh Gaikwad and Mr. Suprakash Chakravarty were appointed by the shareholders for a term of three years ending with 2016-17. an Independent Director can be appointed for a term of five years by Ordinary Resolution and for a further term of five years by passing Special Resolution.

Since the above Independent Directors are to be appointed for second term of five years, the resolution being placed before the shareholder for passing as a Special Resolution. Their appointment as Independent Directors has been recommended by the Nomination & Remuneration Committee and also has been approved by the Board of Directors.

The company has received necessary declarations from Dr. V.V. Parashar, Mr. Naresh Gaikwad and Mr. Surpakash Chakravarty that they meet with the criteria of independence as prescribed both under sub-section (6) of section 149 of the Companies Act, 2013.

In the opinion of the Board of Directors, the above individuals fulfil the conditions for re-appointment as Independent Directors as specified in the Companies Act, 2013. The above individuals are independent of the management and are not disqualified from being re-appointed as a Director in terms of Section 164 of the Act and has given their consents to act as Director.

Copy of the draft letters of re-appointment of Mr. V. V. Parashar, Mr. Naresh Gaikwad and Mr. Suprakash Chakravarty as an Independent Director, setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

Mr. V. V. Parashar, Mr. Naresh Gaikwad and Mr. Suprakash Chakravarty are interested in the resolutions set out at Items No. 7, 8, and 9 respectively of the Notice with regard to their appointment.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolutions set out at Items No. 7, 8 and 9 of the Notice.

Resolution No. 10 - Ratification of remuneration of Cost Auditor :-

Pursuant to Section 148(2) read with Rule 14 of the Companies Act, (Audit and Auditors) Rules, 2014 the Board had appointed M/s Dhananjay V. Joshi & Associates, "CMA Pride", Ground Floor, Plot No. 6, S. No. 16/6, Erandawana Hsg. Soc., Erandawana, Pune 411 004 as the Cost Auditors 2017-18 at a remuneration of Rs. 3.30 lacs + plus applicable taxes & travelling & out of pocket expenses as per actuals, but, this remuneration is subject to ratification by the members. The resolution is proposed for the purpose of ratification of the remuneration decided by the Board of Directors.

No Director is interested in the resolution otherwise than as a Director.

Resolution No. 11- Alteration to Memorandum of Association :-

The Company is now in the process of obtaining listing of Company's shares with BSE Limited. In order to get the Company's shares listed, it is necessary that the Company's Memorandum of Association (MoA) conforms to the provisions in the Companies Act, 2013 (Act).

The existing MoA was framed pursuant to the provisions of the Companies Act, 1956. The provisions of the Act which have come into force with effect from 1 April 2014 require for stating of the Objects Clause of MoA in a different manner. The "Other Objects" clause required to be stated in the MoA earlier has been dispensed with. In addition, by law the Company is now obliged to spend a prescribed amount on corporate social responsibility activity. Therefore, the Company's MoA should reflect these aspects and is proposed to be amended accordingly.



A draft of the revised MoA is placed below for consideration and approval for being taken to the shareholders for their approval.

A copy of the revised MoA is available for inspection by members of the Company at its Registered Office between 11.00 a.m and 5.00 p.m. on any working day.

No Director is interested in the resolution otherwise than as a Director.

Resolution No. 12 - Alteration to Articles of Association.

The Company is now in the process of obtaining listing of Company's shares with BSE Limited. In order to get the Company's shares listed, it is necessary that the Company's Articles of Association (AoA) conforms to the provisions in the Companies Act, 2013 (Act).

The existing AoA was framed as per the requirements of the Companies Act, 1956. The provisions of the Act which have come into force with effect from 1 April 2014 require the AoA to be in a prescribed format. Therefore, certain alterations are required to be made in the AoA with references to the sections of the Act.

At the time of foreign investment in Company by AA Development Capital India Fund 1, LLC, a Share Subscription & Shareholders' Agreement dated 25 September, 2012 (SSHA) was executed among the Promoters, Company and the foreign investor. As a requirement for the investment, the foreign investor had requested for certain special rights which were incorporated as specific provisions in the SSHA and were incorporated in the AoA as PART B of the AoA. Accordingly, Part B of the AoA contains certain conditions relating to the management of the Company, which are not in conformity with the provisions of applicable law regarding management of a listed entity.

Also, the various clauses wherein the element of special rights to the foreign investor is reflected, should be deleted because in a listed company such special rights to any particular member or class of members is not permitted otherwise than in the manner prescribed under the Act and Securities and Exchange Board of India guidelines. Therefore, it is necessary that these special provisions are required to be deleted from the AoA. In view of this, it is proposed to wholly replace the existing AoA by a new set of AoA.

A copy of the revised AoA together with proposed alterations is available for inspection by members of the Company at its Registered Office between 11.00 a.m and 5.00 p.m. on any working day.

No Director is interested in the resolution otherwise than as a Director.

Resolution No. 13 – Reclassification of Promoters

The Board has received a letter of undertaking from Mr. Zakir S. Vali, Mr. Faiz Vali and Mr. Mohammed S. Vali, (collectively "Vali Family") expressing their intent to be derecognized from the 'promoter' or 'promoter group' category and be reclassified as public shareholders of the Company. Mr. Faiz Vali, who is currently not a shareholder of the Company, has also sought to be derecognized from the 'promoter' or 'promoter group' category, on account of being a signatory to the Share Subscription and Shareholders Agreement dated 25 September, 2012 (SSHA) in the capacity of a promoter of the Company.

Pursuant thereto, Vali Family, the Company and other promoters of the Company will execute a separation agreement to record amongst others, the cessation of exercise of any direct or indirect control over the management and affairs of the Company by Vali Family and the consequent reclassification of shareholding of Vali Family as public shareholders in the Company. A draft separation agreement is annexed to this notice for the perusal of the shareholders.

The Company received separate letters of undertaking from Mr. Niraj Dhadiwal, Mrs. Monika Dhadiwal, Mrs. Pramila Dhadiwal, Mr. Prakash Sapkal, Mr. Naresh Gaikwad and Dr. V.V. Parashar, seeking reclassification as public shareholders of the Company, on account of not exercising or having any direct or indirect control over the management and affairs of the Company. It may be noted that Mr. Niraj Dhadiwal, Mr. Prakash Sapkal and Dr. V. V. Parashar, who are currently Directors on the Board are acting merely in their professional capacity and would continue to be members of the Board post such re-classification, subject to approval of the shareholders.



The aforesaid persons in their respective letters of undertaking have confirmed and undertaken as follows:

- (a) They do not have any special rights in the Company through any formal or informal arrangements; and
- (b) none of them directly or indirectly, exercise control over the affairs of the Company.

Based on the letters of undertaking received from aforesaid persons, the matter was discussed by the Board of Directors of the Company at their meeting held on 11.08.2017 and Board decided to get the aforesaid person reclassified from the category of 'promoter' / 'promoter group' category to public category, with approval of the stock exchange.

Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), deals with re-classification of promoter shareholding into public shareholding. Regulation 31A(7) provides that reclassification of promoter as public shareholders shall be allowed by stock exchange subject to the following conditions:

- (a) Such promoter shall not directly or indirectly, exercise control, over the affairs of the entity.
- (b) Increase in the level of public shareholding pursuant to re-classification of promoter shall not be counted towards achieving compliance with minimum public shareholding requirement under Rule 10A of the Securities Contracts (Regulation) Rules 1957 and the provisions of these regulations.
- (c) The event of re-classification shall be disclosed to the stock exchanges as a material event in accordance with the provisions of the Listing Regulations.

All the conditions specified under Regulation 31A(7) of Listing Regulations have been duly complied with by the Company.

The re-classification of the Promoters of a listed company may be permitted subject to the approval of shareholders of the Company in a General Meeting. Accordingly, approval of Members is sought for re-classification of the aforesaid persons as non-promoters by means of a special resolution.

None of the directors / key managerial personnel of the Company or their relatives are in any way, concerned or interested in the proposed special resolution except to the extent of their shareholding, if any in the Company.

By Order of the Board
ZIM LABORATORIES LIMITED

(Anwar S. Daud)
Managing Director

Place : Nagpur
Date : 20 August, 2017



BOARD REPORT

The Board of Directors of your Company has pleasure in presenting the Board Report pursuant to Section 134(3) of the Companies Act, 2013 comprising the prescribed particulars and information as per the Companies (and Administration) Management Rules, 2014 and Companies Accounts Rules, 2014 in respect of year ended 31.03.2017 as follows :-

a) **Number of Meetings to the Board** : 04

b) **Directors' Responsibility Statement :-**

Pursuant to Section 134(5) of the Companies Act, 2013 (Act) your Directors hereby state that:-

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the directors had prepared the annual accounts on a going concern basis and
- v) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

c) **Declaration by Independent Directors under Sub Section 6 of Section 149 :-**

The three Independent Directors namely – Mr. Naresh Gaikwad, Dr. V.V. Parashar and Mr. Suprakash Chakravarty have given the required declaration under Sub Section 6 of Section 149 of the Act on 12.05.2017, 12.05.2017 and 02.06.2017 respectively.

d) **Nomination and Remuneration Policy :-**

The Company has constituted a Nomination And Remuneration Committee on 12.01.2015 consisting of the following members :-

- (i) Mr. Naresh Gaikwad, Independent Director, Chairman
- (ii) Mr. Raghav Kapoor, Independent Director, Member
- (iii) Dr. V.V. Parashar, Independent Director, Member
- (iv) Mr. Anwar Siraj Daud, Chairman of the Board, Member

The criteria laid down in the Companies Act, 2013 and Rules framed thereunder are complied with while appointing the Directors particularly Independent Directors. The Nomination and Remuneration Policy is yet to be formulated and this matter is in process.

e) **Explanations or comments on qualification/reservation/adverse remark/ disclaimer made by :-**

1. Statutory Auditor - Not applicable since there is no comment or qualification.
2. Secretarial Auditor - Not applicable since there is no comment or qualification.

f) **Particulars of loans, guarantees or investments under Section 186 :-**

- | | | |
|-----------------------|---|-----|
| a) Loan | : | NIL |
| b) Guarantee | : | NIL |
| c) <u>Investments</u> | : | NIL |

g) **Particulars of contracts or arrangements with Related parties pursuant to Section 188 (1)** : NIL



h) **The state of Company's affairs :-**

The Company continues to progress in the direction of its strategy to emerge as an innovative drug delivery solution provider with differentiated products in the pharmaceutical market. Its recently developed proprietary and patented orally disintegrating film technology – Thinoral® has elevated the company to market leadership in the OTS technology and business in India. The company is now developing pharmaceutical and nutraceutical products using its Thinoral drug delivery platform for manufacture and supplies globally – particularly in the developed markets. Company has commercialized 13 OTF products.

The Company is also in the process of examining and developing other technology platforms to create new differentiated formulations targeting patient convenient and adherence.

The Company is foraying into emerging and developed markets for supply of semi-finished formulations which are already being developed and marketed in rest of the world (ROW) markets. Its export business especially with respect to its (New Drug Delivery Systems) and its Differentiated Product's portfolio have shown a quantum leap.

The finished branded formulations export strategy for increasing company geographical footprint is taking shape and the company registered 56 products in 6 ROW and emerging markets during the year.

The company has as a part of long term strategy and to serve domestic market decided to selectively participate in Government tender business for differentiated generics that have higher margins and has also initiated entry into private domestic institutional market.

The R&D centre of company recognised by Department of Scientific and Industrial Research, employs more than 90 R&D Personnel working on developing proprietary innovative processes and platform technologies to overcome complex formulation challenges resulting in uniquely differentiated formulation products. It has filed during this period patents globally and registered several products in various geographies.

| | | |
|--|---|----------------|
| l) The amount proposed to be carried to reserve | : | NIL |
| j) The amount of dividend payment recommended | : | Rs. 80.29 lacs |
| k) Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year and the date of the report. | : | NIL |

l) Conservation of energy, technology absorption, foreign exchange earnings and outgo :-A. Conservation of energy :

- (i) The steps taken or impact on conservation of energy;
Your company is striving continuously to conserve every form of energy by adopting innovative measures to reduce wastage and optimize consumption. Notable measures for energy conservation were as follows:
 - Unwanted lighting kept off
 - Optimized the efficiency of HVAC by PM
 - Replaced high voltage motors with low voltage motors
 - Power consumption by using TEMP. Controller
- (ii) The steps taken by the Company for utilizing alternate sources of energy; NIL
- (iii) The capital investment on energy conservation equipments; NIL

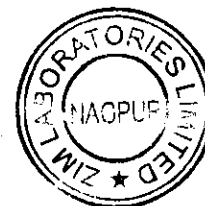


B. Technology absorption :

- (i) the efforts made towards technology absorption : 64 products were added to the pipeline of solid oral dosage forms of various molecules. 52 new products had focus for export markets and 12 new products had focus for domestic market. Research is underway for development, evaluation and standardization of solid oral dosage forms such as pellets, DC granules, taste masked granules and orally disintegrating strips for Antibiotics, Antihypertensive, Cardiovascular, Diabetes deficiency of vitamins and minerals related disorders.
- Comparative dissolution profiles were established against innovator products.
- Analytical methods were developed and validated for establishing the stability of these products over its shelf life.
- 18 new products were successfully transferred from R&D to production floor. Initiatives on vendor qualification for raw materials were also undertaken during the year
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution. : The above efforts helped Zim to maintain relevance with its existing clients and offering them value added products. Value was created by offering evaluation of ZIM's product against competitor product, analytical data package, stability data package and clinical data package.
- New products helped Zim in geographic expansion into new markets. New products were offered to clients using indigenously developed technology.
- Alternate vendor development was initiated for API and excipients.
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
- (a) the details of technology imported : NIL
- (b) the year of import : NIL
- (c) whether the technology been fully absorbed : Not applicable
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof and : Not applicable
- (iv) The expenditure incurred on Research and Development : Rs. 950.43 lacs.

C. Foreign Exchange earnings and outgo :

- i) Foreign exchange earned during the Year : Rs. 12311.20 lacs
- ii) Expenditure in foreign exchange : Rs. 1679.76 lacs



m) Risk Management Policy :

This part has been covered under Management Discussion & Analysis Report, attached separately as Annexure III.

n) Corporate Social Responsibility (CSR) :-

The Company has constituted a Corporate Social Responsibility on 11.03.2014 comprising the following as the members:-

- i) Mr. Anwar Siraj Daud, Chairman
- ii) Mr. Zulfiquar M. Kamal, Member
- iii) Mr. Raghav Kapoor, Member
- iv) Mr. Suprakash Chakravarty, Member

As per the recommendations of the CSR Committee constituted by the Board, the Board of Directors approved the projects to be undertaken under CSR on 19.03.2015. The policy approved by the Board is as follows:-

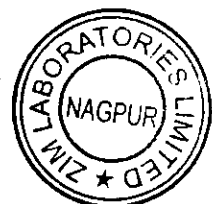
| | | |
|---|---|------------|
| 1 | Major project to be implemented in phases, in a period of 5 to 10 years | 60% to 70% |
| 2 | Sanitation and water supply | 5% to 10% |
| 3 | Educational and vocational skill development activities | 5% to 10% |
| 4 | Contribution to other organisations engaged in activities covered under notified CSR projects | 5% to 10% |
| | | 100% |

The Annual Report on CSR Activities to be included in the Board Report is attached in Annexure - II

- o) In case of a listed company and every other public company having such paid-up share capital as may be prescribed, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual director. : The Independent Directors in their separate meeting evaluate the performance of all the Non-Independent Directors evaluating with reference to subjects coming before the Board by discussion at the meeting and the performance of Independent Directors is reviewed by the Board of Directors where the Independent Director whose performance is reviewed is not present. The Minutes of the Committee Meetings are placed before the Board Meeting and the Board reviews the performance of the Committees with reference to the Minutes.

p) Financial highlights :

| Particulars | (Rs. in Lacs) | |
|--|---------------|----------|
| | 2017 | 2016 |
| Sales (Net) | 23501.31 | 26828.01 |
| Other Income | 481.67 | 390.77 |
| Gross Income before Interest and Depreciation | 3549.38 | 3315.08 |
| Less : Interest | 967.03 | |
| Depreciation | 900.57 | |
| Profit Before Exceptional items and Tax | 1739.87 | 1074.07 |
| Less : Exceptional item | 0.00 | 533.04 |
| Profit / (loss) before tax | 1739.87 | 541.03 |
| Profit After Tax | 1859.89 | 514.55 |
| Balance in Profit & Loss Account brought forward | 4135.39 | 3717.78 |



| | | |
|---|-----------------|----------------|
| Profit available for appropriation | 5995.28 | 4232.33 |
| Appropriation : | | |
| Proposed Dividend | 0.00 | 79.99 |
| Corporate Dividend Tax | 0.00 | 16.95 |
| Transferred to General Reserve | 0.00 | 0.00 |
| Net Surplus in P & L A/c | 5995.28 | 4135.39 |
| Other adjustments | 0.00 | 0.00 |
| Total Reserves & Surplus | 11010.28 | 9105.25 |

- q) Change in nature of business if any. : NIL
- r) The details of Directors or Key Managerial Personnel who were appointed or have resigned during the year. : NIL
- s) Names of Companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year. : ZIM Laboratories FZE Sharjah
- t) Details relating to deposits covered under Chapter V of the Act. : NIL
- u) The details of deposits which are not in compliance with the requirements of Chapter V of the Act. : NIL
- v) The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future : NIL
- w) The details in respect of adequacy of internal financial controls with reference to the financial statements : The details are separately covered under Management Discussion & Analysis Report which forms part of this report as Annexure III.

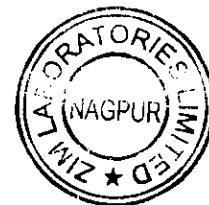
x) Details of Employee Stock Option Scheme:

Pursuant to Section 62 read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014, the following are the details of Employee Stock Option Scheme for the year:

- a) Options Granted : 1,22,449
- b) Options Vested : 30,625
- c) Options Exercised : 30,625
- d) The total number of shares arising as a result of exercise of option : 30,625
- e) Options Lapsed : NIL
- f) The exercise price : Rs. 10/-
- g) Variation of terms of options : NIL
- h) Money realised by exercise of Options : Rs. 3,06,250.00
- i) Total number of options in force : 91824
- j) Employee wise details of options granted to:-

(i) Key Managerial Personnel

| Name | Designation | No. of Options Granted |
|--------------------|---------------------------------|------------------------|
| Mr. Prakash Sapkal | Director (Operations) | 50,000 |
| Mr. Niraj Dhadiwal | Director (Business Development) | 50,000 |
| Mr. Vijay Phudke | Vice President | 22,449 |
| Total | | 1,22,449 |



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Report on performance and financial position of wholly-owned subsidiary viz; ZIM Laboratories FZE, Sharjah.

During the year 2016-17 there has been no change in the paid-up capital of the company. The cost of turnover, the turnover and the loss calculated by conversion of amount expressed in AED in the subsidiary financial statement at exchange rate as on 31st March, 2017 are as follows :-

| | | |
|--|---|----------------|
| The cost of turnover | : | NIL |
| Turnover | : | NIL |
| Gross loss for the year | : | Rs.7,81,969.03 |
| Net loss for the year after other expenses other expenses | : | Rs.7,81,969.03 |

EXTRACT OF THE ANNUAL RETURN IN FORM MGT-9:

Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, refer "Annexure I"

ACKNOWLEDGEMENTS

We take this opportunity to thank the employees for their dedicated service and contribution to the Company.

We also thank our banks, business associates and other stakeholders for their continued support to the Company

For and on behalf of the Board of Directors

(Anwar Siraj Daud)
Chairman

Nagpur

Dated : 11.08.2017



Annexure – I

Extract of the Annual Return as provided under Sub Section 3 of Section 92.

Form MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : U99999MH1984PLC032172
- ii) Registration Date : 14.02.1984
- iii) Name of the Company : ZIM Laboratories Limited
- iv) Category / Sub-Category of the Company : Public Limited Company
- v) Address of the Registered Office and contact details : Sadoday Gyan (Ground Floor)
Opp. NADT, Nelson Square,
NAGPUR – 440 013
- vi) Whether listed company Yes / No : No
- vii) Name, Address and Contact details of if Registrar and Transfer Agent, if any. : Link Intime India Pvt. Ltd.
C-101, 247 Park, L.B.S. Marg, Vikhroli (W),
Mumbai – 400 083.
- Ph. 022 - 49186000

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|---|----------------------------------|------------------------------------|
| 1 | Pharmaceuticals | C 21 21002 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-

| S. No. | Name and address of the Company | CIN/GLN | Holding / Subsidiary/ Associate | % of shares held | Applicable Section |
|--------|---------------------------------|---------|---------------------------------|------------------|--------------------|
| 1 | ZIM Laboratories FZE | – | Subsidiary | 100% | 186 |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)



i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---------------|-----------------|-------------------|---|--------------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 4139340 | 15470 | 4154810 | 51.9447 | 4158840 | 28170 | 4187010 | 52.1476 | 0.2029 |
| b) Central Govt. | | | | | | | | | |
| c) State Govt.(s) | | | | | | | | | |
| d) Bodies Corp. | 00 | 00 | 00 | 0.0000 | 00 | 00 | 00 | 0.0000 | 0.0000 |
| e) Banks / FI | | | | | | | | | |
| f) Any Other.... | | | | | | | | | |
| Sub-total (A) (1):- | 4139340 | 15470 | 4154810 | 51.9447 | 4158840 | 28170 | 4187010 | 52.1476 | 0.2029 |
| (2) Foreign | | | | | | | | | |
| a) NRIs – Individuals | | | | | | | | | |
| b) Other – Individuals | | | | | | | | | |
| c) Bodies Corp. | | | | | | | | | |
| d) Banks / FI) | | | | | | | | | |
| e) Any Other.... | | | | | | | | | |
| Sub-total (A) (2):- | 00 | 00 | 00 | 0.0000 | 00 | 00 | 00 | 0.0000 | 0.0000 |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | 4139340 | 154700 | 41548100 | 51.9447 | 4158840 | 28170 | 4187010 | 52.1476 | 0.2029 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | | | | | | | | | |
| b) Banks / FI | | | | | | | | | |
| c) Central Govt. | | | | | | | | | |
| d) State Govt.(s) | | | | | | | | | |
| e) Venture Capital Funds | | | | | | | | | |
| f) Insurance | | | | | | | | | |
| g) Companies | | | | | | | | | |
| h) FIs | | | | | | | | | |



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| | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| h) Foreign Venture capital fund | | | | | | | | | |
| i) Others (specify) | | | | | | | | | |
| Sub-total (B)(1):- | 00 | 00 | 00 | 0.0000 | 00 | 00 | 00 | 0.0000 | 0.0000 |
| 2 Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 353311 | 64000 | 417311 | 5.2173 | 353011 | 61400 | 414411 | 5.1613 | - 0.056 |
| ii) Overseas | 00 | 1782652 | 1782652 | 22.2872 | 00 | 1782652 | 1782652 | 22.2023 | 0.0000 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 97800 | 778169 | 875969 | 10.9516 | 87076 | 694569 | 781645 | 9.7351 | - 1.2165 |
| ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh | 389000 | 00 | 389000 | 4.8633 | 407200 | 81249 | 486449 | 6.0834 | 1.2201 |
| c) Others (specify) | | | | | | | | | |
| (i) NRI | 61510 | 101400 | 162910 | 2.0368 | 59410 | 99700 | 159110 | 1.9816 | - 0.0552 |
| (ii) Foreign National | 00 | 215868 | 215868 | 2.6988 | 00 | 215868 | 215868 | 2.6885 | 0.0000 |
| Sub-total (B)(2):- | 901621 | 2942089 | 3843710 | 48.0552 | 906697 | 2936138 | 3842835 | 47.8611 | - 0.0194 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 901621 | 2942089 | 3843710 | 48.0552 | 906697 | 2936138 | 3842835 | 47.8611 | - 0.0194 |
| C. Shares held by Custodian for GDRs & ADRs | 00 | 00 | 00 | 00 | 00 | 00 | 00 | 00 | 0.0000 |
| Grand Total (A+B+C) | 5040961 | 2957559 | 7998520 | 100.000 | 5065537 | 2963608 | 8029145 | 100.000 | 0.0000 |



(ii) Shareholding of Promoters

| Sl No. | Shareholder's Name | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | % change in shareholding during the year |
|--------|-----------------------|---|----------------------------------|--|--------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged/encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Mr. Anwar Siraj Daud | 2222720 | 27.789 | 00 | 2222720 | 27.683 | 00 | 00 |
| 2 | Mr. Zakir S. Vali | 1424570 | 17.810 | 00 | 1424570 | 17.742 | 00 | 00 |
| 3 | Mr. Mohammed S. Vali | 7910 | 0.099 | 00 | 7910 | 0.099 | 00 | 00 |
| 4 | Mrs. Tasneem Daud | 5000 | 0.063 | 00 | 5000 | 0.062 | 00 | 00 |
| 5 | Mr. Zulfiqar M. Kamal | 199010 | 2.488 | 00 | 199010 | 2.479 | 00 | 00 |
| 6 | Mr. Hasan Z. Kamal | 17400 | 0.218 | 00 | 17400 | 0.217 | 00 | 00 |
| 7 | Mrs. Sabbah Kamal | 250000 | 3.126 | 00 | 250000 | 3.114 | 00 | 00 |
| 8 | Mr. Riaz Kamal | 1700 | 0.021 | 00 | 1700 | 0.021 | 00 | 00 |
| 9 | Mr. Niraj Dhadiwal | 12700 | 0.159 | 00 | 25200 | 0.158 | 00 | 0.156 |
| 10 | Mrs. Monika Dhadiwal | 200 | 0.003 | 00 | 200 | 0.002 | 00 | 00 |
| 11 | Mrs. Pramila Dhadiwal | 200 | 0.003 | 00 | 200 | 0.002 | 00 | 00 |
| 12 | Mr. Prakash Sapkal | 12800 | 0.160 | 00 | 25300 | 0.159 | 00 | 0.155 |
| 13 | Mr. Naresh Galkwad | 200 | 0.003 | 00 | 200 | 0.002 | 00 | 00 |
| 14 | Mr. Shabbar Daud | 7000 | 0.088 | 00 | 7000 | 0.087 | 00 | 00 |
| 15 | Mr. Murtaza Kamal | 100 | 0.001 | 00 | 100 | 0.001 | 00 | 00 |
| 16 | Mrs. Zahida Kamal | 100 | 0.001 | 00 | 100 | 0.001 | 00 | 00 |
| 17 | Dr. V.V. Parashar | 400 | 0.005 | 00 | 400 | 0.005 | 00 | 00 |
| | Total | 4162010 | 52.034 | 00 | 4187010 | 52.148 | 00 | 00 |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | | 4162010 | 52.034 | |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/bonus/sweat equity etc): | 09.09.2016 | (+) 25000 | 0.311 | |
| | At the End of the year | | 4187010 | 52.148 | 4179810 52.148 |



(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | AA Development Capital India Fund 1, LLC | | | | |
| | At the beginning of the year | 1782652 | 22.29 | 1782652 | 22.29 |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): | NIL | NIL | NIL | NIL |
| | At the End of the year (or on the date of separation, if separated during the year) | 1782652 | 22.20 | 1782652 | 22.20 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 2 | Bonanza Business Services Pvt. Ltd. | | | | |
| | At the beginning of the year | 240000 | 3.001 | 240000 | 3.001 |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc): | NIL | NIL | NIL | NIL |
| | At the End of the year (or on the date of separation, if separated during the year) | 240000 | 2.989 | 240000 | 2.989 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 3 | Mr. Anil Dhedia | | | | |
| | At the beginning of the year | 205000 | 2.563 | 206700 | 2.563 |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc): | Demat Transfer 1700 | 0.0211 | NIL | NIL |
| | At the End of the year (or on the date of separation, if separated during the year) | 206700 | 2.574 | 206700 | 2.574 |



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| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 4 | Dr. Iguer Abdelmounaim | | | | |
| | At the beginning of the year | 194280 | 2.429 | 194280 | 2.429 |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc): | NIL | NIL | NIL | NIL |
| | At the End of the year (or on the date of separation, if separated during the year) | 194280 | 2.419 | 194280 | 2.419 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 5 | Mr. Devang Parekh | | | | |
| | At the beginning of the year | 184000 | 2.300 | 184000 | 2.300 |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc): | NIL | NIL | NIL | NIL |
| | At the End of the year (or on the date of separation, if separated during the year) | 184000 | 2.291 | 184000 | 2.291 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 6 | Saif Health Remedies Pvt. Ltd. | | | | |
| | At the beginning of the year | 110011 | 1.375 | 110011 | 1.375 |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc): | NIL | NIL | NIL | NIL |
| | At the End of the year (or on the date of separation, if separated during the year) | 110011 | 1.370 | 110011 | 1.370 |



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| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 7 | Mrs. Fatima Shakirbhal Valli | | | | |
| | At the beginning of the year | 60410 | 0.755 | 60410 | 0.755 |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc): | NIL | NIL | NIL | NIL |
| | At the End of the year (or on the date of separation, if separated during the year) | 60410 | 0.752 | 60410 | 0.752 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 8 | Mr. Sanjay Kumar Singh | | | | |
| | At the beginning of the year | 50,000 | 0.625 | 50,000 | 0.625 |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc): | NIL | NIL | NIL | NIL |
| | At the End of the year (or on the date of separation, if separated during the year) | 50,000 | 0.622 | 50,000 | 0.622 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 9 | Worldlink Finance Limited | | | | |
| | At the beginning of the year | 30900 | 0.386 | 30900 | 0.386 |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc): | NIL | NIL | NIL | NIL |
| | At the End of the year (or on the date of separation, if separated during the year) | 30900 | 0.384 | 30900 | 0.384 |



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| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 10 | Mr. Salhi Khaled | | | | |
| | At the beginning of the year | 21588 | 0.270 | 21588 | 0.270 |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc): | NIL | NIL | NIL | NIL |
| | At the End of the year (or on the date of separation, if separated during the year) | 21588 | 0.268 | 21588 | 0.268 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For Each of the Directors and KMP | | | | |
| 1 | Mr. Anwar Siraj Daud | | | | |
| | At the beginning of the year | 2222720 | 27.789 | 2222720 | 27.789 |
| | Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer / bonus/ sweat equity etc): | NIL | NIL | NIL | NIL |
| | At the End of the year | 2222720 | 27.683 | 2222720 | 27.683 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 2 | Mr. Zulfiquar M. Kamal | | | | |
| | At the beginning of the year | 199010 | 2.488 | 199010 | 2.488 |
| | Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc.) | NIL | NIL | NIL | NIL |
| | At the End of the year | 199010 | 2.478 | 199010 | 2.478 |



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| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 3 | Mr. Riazahmed K. Kamal | | | | |
| | At the beginning of the year | 1700 | 0.212 | 1700 | 0.212 |
| | Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer / bonus/ sweat equity etc) | NIL | NIL | NIL | NIL |
| | At the End of the year | 1700 | 0.211 | 1700 | 0.211 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 4 | Mr. Niraj Dhadiwal | | | | |
| | At the beginning of the year | 12700 | 0.158 | 12700 | 0.158 |
| | Date-wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer /bonus/ sweat equity etc): | 09.09.2016 (ESOS) | (+) 12500 | 0.156 | |
| | At the End of the year | 25200 | 0.313 | 25200 | 0.313 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 5 | Mr. Prakash Sapkal | | | | |
| | At the beginning of the year | 12800 | 0.159 | 12800 | 0.159 |
| | Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc): | 09.09.2016 (ESOS) | (+) 12500 | 0.156 | |
| | At the End of the year | 25300 | 0.315 | 25300 | 0.315 |



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| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 6 | Mr. Naresh Gaikwad | | | | |
| | At the beginning of the year | 200 | 0.003 | 200 | 0.003 |
| | Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease | NIL | NIL | NIL | NIL |
| | (e.g. allotment/transfer/bonus/ sweat equity etc): | | | | |
| | At the End of the year | 200 | 0.002 | 200 | 0.002 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 7 | Dr. V.V. Parashar | | | | |
| | At the beginning of the year | 400 | 0.005 | 400 | 0.005 |
| | Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease | NIL | NIL | NIL | NIL |
| | (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 400 | 0.004 | 400 | 0.004 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 8 | Mr. Suprakash Chakravarty | | | | |
| | At the beginning of the year | NIL | NIL | | |
| | Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease | NIL | NIL | NIL | NIL |
| | (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | NIL | NIL | NIL | NIL |



| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 9 | Mr. Raghav Kapoor | | | | |
| | At the beginning of the year | NIL | | NIL | |
| | Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer / bonus/ sweat equity etc): | NIL | NIL | NIL | NIL |
| | At the End of the year | NIL | | NIL | |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment.

(Figures in lacs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year 2014-15 | | | | |
| i) Principal Amount | 9,501.55 | 95.38 | - | 9,569.93 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 65.85 | 5.32 | - | 71.17 |
| Total (i+ii+iii) | 9,567.40 | 100.70 | - | 9,668.10 |
| Change in Indebtedness during the financial year | | | | |
| · Addition | - | - | - | - |
| · Reduction | -1,489.92 | -19.45 | - | -1,509.37 |
| Net Change | -1,489.92 | -19.45 | - | -1,509.37 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 8,015.60 | 76.92 | - | 8,092.52 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 61.88 | 4.33 | - | 66.21 |
| Total (i+ii+iii) | 8,077.48 | 81.25 | - | 8,158.73 |



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sl. No. | Particulars of Remuneration | Name of MD / WTD / Manager | | | | | Total Amount |
|---------|---|----------------------------|------------------------|---------------------|--------------------|--------------------|--------------|
| | | Mr. Anwar S. Daud | Mr. Riazahmed K. Kamal | Mr. Zulfiquar Kamal | Mr. Prakash Sapkal | Mr. Niraj Dhadiwal | |
| 1. | Gross salary | | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 62.00 lacs | 20.00 lacs | 48.00 lacs | 34.50 lacs | 35.50 lacs | 200.00 lacs |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 18.00 lacs | | | | | 18.00 lacs |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | | | | | | |
| | Stock Option | -- | -- | -- | -- | -- | -- |
| 3. | Sweat Equity | -- | -- | -- | -- | -- | -- |
| 4. | Commission - as % of profit, - others, specify... | -- | -- | -- | -- | -- | -- |
| 5. | Others, please specify | -- | -- | -- | -- | -- | -- |
| | Total (A) | 80.00 lacs | 20.00 lacs | 48.00 lacs | 34.50 lacs | 35.50 lacs | 218.00 lacs |
| | Ceiling as per the Act | 84.00 lacs | 84.00 lacs | 84.00 lacs | 84.00 lacs | 84.00 lacs | 420.00 lacs |

B . Remuneration to other directors:

| Sl. No. | Particulars of Remuneration | Name of Directors | | | Total Amount |
|---------|--|---------------------|-------------------|---------------------------|--------------|
| | | Mr. Naresh Gaikwad | Dr. V.V. Parashar | Mr. Suprakash Chakravarty | |
| 1. | Independent Directors - Fee for attending board committee meetings - Commission - Others, please specify Remuneration | | | | |
| | | 60,000.00 | 60,000.00 | 60,000.00 | 1,80,000.00 |
| | Total (1) | 60,000.00 | 60,000.00 | 60,000.00 | 1,80,000.00 |
| 2. | Other Non-Executive Directors - Fee for attending board committee meetings - Commission - Others, please specify | | | | |
| | | NIL | NIL | NIL | NIL |
| | Total (2) | NIL | NIL | NIL | NIL |
| | Total (B) = (1+2) | 60,000.00 | 60,000.00 | 60,000.00 | 1,80,000.00 |
| | Total Managerial Remuneration | 219.80 lacs. | | | |
| | Overall Ceiling as per the Act | Rs. 420.00 lacs | | | |



C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD :

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|---|--------------------------|-------------------|-----|----------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | 6,00,000 | - | 6,00,000 |
| | (b) Value of perquisites u/s 17(2) Income tax | - | 72,000 | - | 72,000 |
| | (c) Act, 1961 | | | | |
| | (d) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | | | | |
| 2. | Stock Option | | | | |
| 3. | Sweat Equity | | | | |
| 4. | Commission - as % of profit - others, specify... | | | | |
| 5. | Others, please specify | | | | |
| | Total | | 6,72,000 | | 6,72,000 |

VII. PENALTIES/ PUNISHMENT/COMPOUNDING OFFENCES: NIL

| Type | Section of the Companies Act, | Brief Description | Details of penalty/ Punishment / Compounding fees imposed | Authority [RD / NCLT / COURT | Appeal made, if any, (give Details) |
|-------------------------------------|-------------------------------|-------------------|---|------------------------------|-------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |



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ANNEXURE - II

**FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES
TO BE INCLUDED IN THE BOARD'S REPORT**

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The composition of the CSR Committee :
 - i) Mr. Anwar Siraj Daud, Chairman
 - ii) Mr. Zulfiquar M. Kamal, Member
 - iii) Mr. Raghav Kapoor, Member
 - iv) Mr. Suprakash Chakravarty, Member
3. Average net profit of the company for last three financial years - : NIL
4. Prescribed CSR Expenditure (two per cent of the amount as item 3 above) : NIL
5. Details of CSR spent during the financial year :
 - (a) Total amount to be spent for the financial year. : Rs. 32.56 Lacs
 - (b) Amount unspent, if any. : Rs. 27.56 Lacs
 - (c) Manner in which the amount spent during the financial year is detailed below :

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|--------|--|--|--|---|---|---|--|
| S. No. | CSR project or activity identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken. | Amount outlay (budget) project or programs-wise | Amount spent on the projects or programs sub-heads. (1) Direct expenditure on projects or programs (2) Over-heads: | Cumulative expenditure upto the reporting period. | Amount spent : Direct or through implementing agency* |
| 1 | Financial Support to Millat Educational & Social Welfare Association for Ground leveling of School and for purchase of uniforms, Note Books and Text Books | Educational Sector | Dist. Nagpur State Maharashtra | Rs.13,49,444/- | Rs 5.00 lacs | Rs.5.00 lacs | Amount spent through implementing Agency |
| | TOTAL | | | Rs.13,49,444/- | Rs.5.00 lacs | Rs.5.00 lacs | |

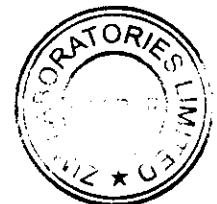


*Give details of implementing agency : Millat Educational and Social Welfare Association, a Regd. Society having Registration. No. MH/413/89NGP
Add : Mahesh Nagar, Shantinagar, Nagpur – 440 002

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report : The amount required to be spent for the year was NIL. Hence reason for not spending does not arise.
7. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

(Zulfiqar M. Kamal)
Director (Finance)

(Anwar Siraj Daud)
Chairman (CSR Committee)



ANNEXURE – III
Management Discussion & Analysis Report

Industry structure and Development:

Over the last two decades, the global pharma market has been facing declining R&D productivity, increasing genericization and fewer New Chemical Entities (NCEs). During this period pharma companies globally have moved towards developing Novel Drug Delivery Systems (NDDS) to:

- Novel Drug Delivery Systems (NDDS) are new drug delivery technologies applied to already approved drugs to develop novel products.
- Extend the Life Cycle of patented drugs (Life Cycle Management)
- Build a competitive advantage in the crowded Generics market
- Provide patient-centric solutions to the market targeting convenience and adherence.
- In 2016, the global NDDS market was valued at USD 165.4Bn (~15% of the global pharma market).

Since 2011, the global expansion in the volume of medicines used essentially has been driven by pharmerging markets, where volume grew 37.5% over five years, or 7% annually, compared with 2% in total over 5 years in all other markets. Most of these pharmerging markets are branded generic in nature (similar to the Indian pharma market) with generic companies employing their own doctor-focused sale force to promote their brands. The two African clusters (Sub-Saharan Africa and the North African states) are expected to be among the three groups of emerging markets with the highest increase in importance by 2021. IMS forecasts growth of 8-11% and 6-9% until 2019 across Africa and Middle East respectively with a combined market size of 70 bn. The growth in Middle East is expected to be driven by moves to liberalise national economies and the determination of the region's governments to become self-sufficient in pharmaceuticals production. Also, the economic downturn in GCC countries has led to the local manufacturers and government sponsored healthcare organisations under mass health insurance move towards cost effective, high throughput pharmaceutical product development partners. In the course of two decades, Latin American generics have evolved into a dominant force in most medication categories with IMS expecting a growth of 5-8% until 2019 with market size pegged at USD 110 Bn.

The OTF drug segment was valued at US\$ 1,647.8 Mn in 2015 and is projected to reach USD 3,793.7 Mn by 2020, reflecting a Compounded Annual Growth Rate (CAGR) of 18%. The demand for novel drug delivery systems such as thin film is rising due to convenience associated with its administration that leads to improved compliance to therapeutic drug regimen. Hence, many companies are considering brand extension from tablets to highly differentiated film products. According to the Journal of Controlled Release (2015), there are ~19 prescription products that are currently commercialised and few products from the therapeutic categories like anti-migraine, anti-psychotic, anti-diabetic, anti-Alzheimer, analgesic, antiemetic, etc. are in the clinical trials.

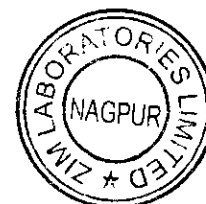
India's pharmaceutical industry has been ranked 3rd in terms of volume and 14th in terms of value, globally. The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacturing. It is estimated that Indian pharmaceutical sector will touch US\$ 55 billion in sales by 2020. India is now among the top five emerging pharmaceutical markets and is expected to grow at a CAGR of 15%.

Segment wise performance:

The Company is exclusively engaged in pharmaceutical formulation business and operates across segments including Exports (PFI and Formulations), Deemed Exports and Domestic institutional and out-licensing.

The Exports business which is high margin business increased by 7.5% in F.Y. 2017 and is presently 64.5% of total turnover of the Company. The Export Business in F.Y. 2017 was Rs. 148.00 Crores compared to Rs. 138.00 Crores.

As a strategy to focus on the high margin business, company has reduced Deemed Export Business and Domestic Business and increased export business. Therefore, the Deemed Export Business was Rs. 36.00 Crores in F.Y. 2017 compared to Rs. 47.00 Crores in F.Y. 2016 and Government Business was Rs. 45.00 Crores in F.Y. 2017 compared to Rs. 78.00 Crores in F.Y. 2016.



In spite of reduction in turnover, company was able to achieve profitability as company has achieved PBT of Rs. 17.39 Crores in F.Y. 2017 compared to Rs. 5.41 Crores. The increase in profitability was due to change in business mix by increasing high margin business i.e. export business.

FY 2017-18 Outlook:

The Company achieved significant progress on its key priorities in FY 2016-17 despite a number of challenges around an uncertain regulatory environment, volatility in emerging markets and pricing pressure across the globe. For FY 2017-18, company will remain focused on its strategy to be an innovative drug delivery solution provider focusing on improving convenience and adherence of drug intake by patients with superior revenue growth, cost consciousness and improving the overall operating margins profile of the Company. The Company continues its focus on operational efficiencies to drive strong cash flows. The Company is aiming to ramp-up investments in R&D and maintain the registration filings of Dossiers in new geographies both in Emerging and Developed. Given the unfolding of opportunities targeted since the last few years of product development pipeline and entry into identified markets now slowly fructifying, the Company expects higher growth in next fiscal. In the coming years ZIM will continue its focus on Novel Drug Delivery Solutions (NDDS) and use its proprietary technology and expertise to bridge the technology gap in Tier III Pharming and ROW markets and assist local players in various geographies to launch differentiated / combination generic products and compete. This prudent mix of products and markets, stretching from institutional, B to B, B to C, domestic private and formulations for exports all within the high growth constantly stable ROW and emerging markets ensure that the company is well poised to sustain successful growth and profitability.

Threats and Risks :

The pharmaceutical industry continues to face significant challenges both in India and internationally with the volume and complexity of change having greatly intensified the implication of risk. Regulatory risks, which are an inherent threat in pharma, are compounded by evolving regulations, new legislation and increased enforcement. As the Company is planning to cater to Emerging and developed Markets, the key risks include customer consolidation and regulatory risks - aggressive vigilance on compliance, product liability and product quality. The Company has implemented strong policy and procedures to address the operational risks relevant to the Developed markets. The Company has also adopted policy to de-risk by launching branded formulations and PFI's in new geographies thus mitigating the risk through expanded foot print and resulting in increase in current years revenue and market share. The establishment of front-end market presence through formulations business will enable the Company to achieve results in the long-run and position itself as a key generic player in both emerging and developed markets. The continued aggressive investment in R&D is not only expected to keep the registration of products and opening of markets constantly expanding, the NDDS pipeline is also expected to maintain its depth and provide constantly new market opportunities for its PFI partners.

The geopolitical risk has clouded uncertainties around expanding business in Emerging Markets. To stay ahead of geopolitical uncertainty, the Company is identifying trends and disruptions that are specific to the organisation and markets in which it operates, assessing potential market impact across a range of scenarios and developing initiatives to mitigate risks or capture opportunities. Mitigation measures include increasing formulations business, entering new geographies, long term tie-ups with local distributors for marketing, development of new differentiated products with technical complexity and increasing market demand (ensuring business stickiness) a programme for getting plants to be certified for target countries and appropriate insurance. Though it is not possible to eliminate all the risks, the Management's aim is to mitigate risks and capitalise on opportunities.

Internal Control Systems and their adequacy

The Company has set up internal control procedures commensurate with its size and nature of the business. These business procedures ensure optimum use and protection of the resources and compliance with the policies, procedures and statutes. The internal control systems provide for well-defined policies, guidelines and authorizations and approval procedures. .

The Company maintains a system of internal controls designed to provide reasonable assurance regarding the following:

- Effectiveness and efficiency of operations
- Adequacy of safeguards for assets



- Prevention and detection of frauds and errors
- Accuracy and completeness of the accounting records
- Timely preparation of reliable financial information

Key controls have been tested during the year and corrective and preventive actions are taken for any weakness.

The internal controls and governance processes are duly reviewed for their adequacy and effectiveness through periodic audits by internal auditors and are found to be adequate. The Internal Audit Reports are presented to Audit Committee periodically and briefed on the corrective and preventive action taken to mitigate identified risks.

Financial Performance with respect to operational performance.

The total revenue during the year stood at Rs. 240.48 crore. EBITDA (Earnings Before Interest, Tax and Depreciation) was at Rs. 36.72 crore. After deducting, Finance Cost of Rs. 10.32 crore, Depreciation of Rs. 9.00 crore, the Profit before Tax (PBT) was at Rs. 17.40 crore.

Material developments in human resources/ industrial front

The Company firmly believes that people are its most valued resource and their competency plays a key role in achieving defined goals and building a competitive work environment. In its pursuit to attract, retain and develop best available talents, several training programmes are regularly conducted at various levels across the Company. Further, key personnel are encouraged to participate in their subject matter work-shops and seminars conducted by expert bodies and associations their participation being entirely sponsored by the company to expose them to current knowledge and implementation practices. Employee relations continued to be cordial and harmonious across all levels and all the units of the Company.

A robust annual performance appraisal system is in place to and all employees are annually appraised for their achievements. Short comings, training needs and remedial measure taken to upgrade their leadership / execution skills to help them in achieving their career goal.



ANNEXURE - IV

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
ZIM Laboratories Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ZIM Laboratories Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

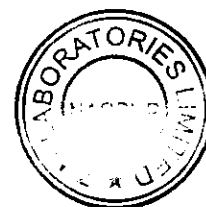
Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not Applicable)
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not Applicable as the Company did not issue any security during the financial year under review.**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation 2014.
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not Applicable as the Company did not issue any debt securities during the financial year under review.**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not Applicable as the Company did not delisted its equity shares from any stock exchange during the financial year under review;** and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not Applicable as the Company did not issue any security during the financial year under review.**

I have also examined, on test check basis, the relevant documents and records maintained by the Company according to the following laws applicable specifically to the Company as follows :-

- (a) The Drugs and Cosmetics Act, 1940.
- (b) Food Safety and Standards Act, 2006.



- (c) Poisons Act, 1919.
- (d) The Patents Act, 1970.
- (e) The Trade marks Act, 1999.

Labour Laws :-

- (a) The Factories Act, 1948.
- (b) The Payment of Wages Act, 1936
- (c) The Minimum Wages Act, 1948
- (d) Employees' state insurance act, 1948
- (e) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
- (f) The Payment of Bonus Act, 1965
- (g) The Payment of Gratuity Act, 1972
- (h) The Contract Labour (Regulation & Abolition) Act, 1970
- (i) The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959

Environmental Laws :-

- (a) The Water (Prevention and Control of Pollution) Act, 1974
- (b) The Air (Prevention & Control of Pollution) Act, 1981
- (c) The Hazardous Wastes (Management, Handling And Transboundary Movement) Rules, 2008
- (d) The Environment (Protection) Act, 1986

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company – The Company has become unlisted with effect from 30.05.2014.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- (a) Pursuant to Section 12 of Companies Act, 2013, address of the company is not affixed or painted outside the registered office of the company.
- (b) Pursuant to Section 178 of Companies Act, 2013 read with Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014, the company has to formulate the Nomination & Remuneration Policy, no such policy has been formulated and recommended to the Board for its approval.
- (c) There are certain pending cases and litigations by and against the company.

I further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

This Report is to be read with my letter of even date which is enclosed as Annexure - A and forms integral part of this Report

Signature:

Place : Nagpur
Date : 22.07.2017

CS Roshni Jethani
ACS No. 48849
C P No.: 17722



ANNEXURE-A

(TO THE SECRETARIAL AUDIT REPORT OF ZIM LABORATORIES LIMITED FOR YEAR ENDED MARCH 31, 2017).

To,

The Members,
ZIM Laboratories Limited.

My Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the management representation letter about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Nagpur

Date : 22.07.2017

(CS Roshni Jethani)
Company Secretary in Practice
ACS No. 48849
C P No.: 17722



ANNEXURE V

CORPORATE GOVERNANCE REPORT

1. **Company's philosophy on code of governance :-**

The philosophy permeating the management of the affairs of the company is aimed at transparency and taking care of the interest of all stake holders namely; members, creditors, clients, employees etc. equitably.

2. **Board of Directors :**

i) The composition of the Board of Directors is as follows :

| Name | Category |
|--------------------------------|--|
| Mr. Anwar Siraj Daud ,Chairman | Executive Director & Managing Director |
| Mr. Zulfiquar M. Kamal | Executive Director |
| Mr. Riazahmed K. Kamal | Executive Director |
| Mr. Prakash Sapkal | Executive Director |
| Mr. Niraj Dhadiwal | Executive Director |
| Dr. V.V. Parashar | Independent Director |
| Mr. Naresh Gaikwad | Independent Director |
| Mr. Suprakash Chakravarty | Independent Director |
| Mr. Raghav Kapoor | Nominee Director – nominated by AA Development Capital India Fund 1, LLC (equity investor) |

ii) Four Board Meetings were held during the year on 28.06.2016, 01.09.2016, 12.12.2016 and 22.03.2017 and 32nd Annual General Meeting was held on 30.09.2016

The attendance, number of meetings attended and their directorship in other public companies of the Board of Directors as on 31.03.2017 are as under:

| Name | No. of Board meeting held | No. of Board Meeting attended | Whether attended last AGM held on 30.09.2016 | No. of directorship in other public limited companies | Committee positions in other companies | |
|-------------------------------|---------------------------|-------------------------------|--|---|--|--------|
| | | | | | Chairman | Member |
| Mr. Anwar Siraj Daud Chairman | 4 | 4 | Yes | 1 | N.A. | N.A. |
| Mr. Zulfiquar M. Kamal | 4 | 4 | Yes | 1 | N.A. | N.A. |
| Mr. Riazahmed K. Kamal | 4 | 3 | Yes | N.A. | N.A. | N.A. |
| Mr. Prakash Sapkal | 4 | 3 | Yes | N.A. | N.A. | N.A. |
| Mr. Niraj Dhadiwal | 4 | 3 | Yes | N.A. | N.A. | N.A. |
| Dr. V.V. Parashar | 4 | 3 | No | N.A. | N.A. | N.A. |
| Mr. Naresh Gaikwad | 4 | 3 | No | N.A. | N.A. | N.A. |
| Mr. Suprakash Chakravarty | 4 | 3 | No | N.A. | N.A. | N.A. |
| Mr. Raghav Kapoor | 4 | 4 | No | 1 | - | - |

iii) No Director is a relative of another Director.

iv) Number of shares held by Non-Executive Director

| Sr. No. | Name of Non-Executive Director | No. of shares held |
|---------|--------------------------------|--------------------|
| 1 | Naresh Gaikwad | 200 |
| 2 | Veerendra Parashar | 400 |



3. Audit Committee :i) Brief description of terms of reference.

The terms of reference include the powers as stipulated in Part C of Schedule II of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 (LODR Regulations) as well as Section 177 of the Companies Act, 2013.

ii) Composition :

The composition of Audit Committee is as follows:-

1. Mr. Suprakash Chakravarty : Chairman
(Independent Director)
2. Mr. Naresh Gaikwad : Member
(Independent Director)
3. Mr. Anwar Siraj Daud : Member
(Managing Director)
4. Mr. Raghav Kapoor : Member
(Nominee Director)

4. Audit Committee Meetings and attendance during the year :

During the year ended 31st March, 2017 the Audit Committee meetings were held on 28.06.2016, 01.09.2016, 12.12.2016 and 22.03.2017

| Sr. No. | Name of the Committee Member | Committee meetings | | Attendance at the last Annual General Meeting |
|---------|------------------------------|--------------------|----------|---|
| | | Held during tenure | Attended | |
| 1 | Mr. Suprakash Chakravarty | 4 | 4 | No |
| 2 | Mr. Naresh Gaikwad | 4 | 3 | No |
| 3 | Mr. Raghav Kapoor | 4 | 4 | No |
| 4 | Mr. Anwar Siraj Daud | 4 | 4 | Yes |

- The Director (Finance), Statutory Auditors and Internal Auditors are invitees to the Audit Committee.
- The Company Secretary acts as Secretary to the Audit Committee.

5. Nomination & Remuneration Committee :

The powers, role and terms of reference of the Nomination and Remuneration Committee covers the areas as contemplated in Section 178 of the Companies Act, 2013, besides other terms as may be referred by the Board of Directors. The role includes formulation of criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees; formulation of criteria for evaluation of Independent Directors and the Board; devising a policy on Board diversity; identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal; and to administer the ESOS Scheme of the Company.

i) Composition :

The composition of Nomination & Remuneration Committee is as follows:-



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| | | | |
|----|---|---|----------|
| 1. | Mr. Naresh Gaikwad (Independent Director) | : | Chairman |
| 2. | Dr. V.V. Parashar (Independent Director) | : | Member |
| 3. | Mr. Raghav Kapoor (Nominee Director) | : | Member |
| 4. | Mr. Anwar Siraj Daud (Chairman of the Board) | : | Member |

ii) Nomination & Remuneration Committee Meetings and attendance during the year :

During the year ended 31st March, 2017 the Nomination & Remuneration Committee meeting was held on 28.06.2016.

| Sr. No. | Name of the Committee Member | No. of meetings attended |
|---------|------------------------------|--------------------------|
| 1 | Mr. Naresh Gaikwad, Chairman | 1 |
| 2 | Dr. V.V. Parashar | 1 |
| 3 | Mr. Raghav Kapoor | 1 |
| 4 | Mr. Anwar Siraj Daud | 1 |

6. Remuneration of Directors :

a) Independent Directors

The total remuneration for Independent Directors is paid by way of remuneration of Rs.60,000 per annum approved by the shareholders.

Details of Sitting fees:

Sitting Fees:

The Directors are not paid any Sitting Fee.

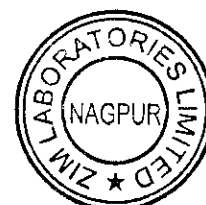
b) Executive Directors :

| Name of Executive Director | Salary Rs. | Other benefits and perquisites Rs. | (Rs. in lac) |
|----------------------------|---------------|--|--------------|
| | | | Total Rs. |
| Mr. Anwar S. Daud | 62.00 | 18.00 | 80.00 |
| Mr. Riazahmed K. Kamal | 20.00 | 00 | 20.00 |
| Mr. Zulfiquar M. Kamal | 48.00 | 00 | 48.00 |
| Mr. Prakash Sapkal, | 34.50 | 00 | 34.50 |
| Mr. Niraj Dhadiwal, | 35.50 | 00 | 35.50 |

7. Stakeholder's Relationship Committee :

A committee for attending to complaints, if any, from shareholders and to redress their grievance has been constituted consisting of the following:-

| Sr. No. | Name of Directors | Position held |
|---------|--|---------------|
| 1) | Dr. V.V. Parashar, Independent Director | Chairman |
| 2) | Mr. Naresh Gaikwad, Independent Director | Member |
| 3) | Anwar S. Daud, Managing Director | Member |



Name and designation of Compliance Officer:

Mr. R.A. Parasuraman, Company Secretary acts as the Secretary to the Stakeholder Relationship Committee and also as the Compliance Officer.

Status of Shareholders' complaints :

During the year no complaint was received from any shareholder which required Committee's consideration and therefore, there was no occasion for the Committee to meet. There is no complaint pending for redressal.

8. Corporate Social Responsibility Committee :

Corporate Social Responsibility Committee (CSR) consists of four Directors, namely, Mr. Zulfiquar M. Kamal, Mr. Raghav Kapoor, Mr. Suprakash Chakravarty and Dr. Anwar Siraj Daud. Dr. Anwar Siraj Daud is the chairman of the Corporate Social Responsibility Committee.

The terms and reference of the Committee of the CSR inter alia includes the followings:

- a. To formulate and recommend to the Board the Corporate Social Responsibility Policy (CSR Policy) as specified in Schedule VII of Companies Act, 2013 ('the Act') read with Companies (Corporate Social Responsibility) Rules, 2014 and Schedule VII.
- b. To recommend to the Board the amount of expenditure to be incurred on the activities undertaken by the Company as per the CSR Policy.
- c. To monitor the CSR Policy of the company from time to time.

General Body Meetings :

The details of the last three Annual General Meetings are as under :-

| AGM for the period/year ended | Venue | Date | Time | Special Resolution passed |
|--|---|------------|-----------|--|
| 30 th AGM for year ended March 31, 2014 | Sadoday Gyan (Ground Floor), Opp. NADT, Nelson Square, Nagpur – 440 013 | 28.11.2014 | 2.00 p.m. | 01 Alteration to article 168 of Articles of Association |
| 31 st AGM for year ended March 31, 2015 | Sadoday Gyan (Ground Floor), Opp. NADT, Nelson Square, Nagpur – 440 013 | 31.12.2015 | 2.00 p.m. | NIL |
| 32 nd AGM for year ended March 31, 2016 | Sadoday Gyan (Ground Floor), Opp. NADT, Nelson Square, Nagpur – 440 013 | 30.09.2016 | 2.00 p.m. | NIL |

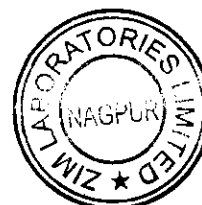
9. Disclosures :

- (i) **Disclosure on materially significant related party transactions, i.e. transactions of the company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the Interest of the Company at large :**

No materially significant related party transaction took place during the year ended 31st March, 2017.

- (ii) **Disclosure by Senior Management in accordance with (Regulation 4 (2) (f) (i)(1) of LODR Regulations :**

The Senior Management of the Company has confirmed to the Board of Directors that they do not have any personal interest relating to material, financial and commercial transactions with the Company that may have a potential conflict with the interests of the Company at large.



(iii) Declaration signed by the Chief Executive Officer stating that the members of Board of Directors and Senior Management Personnel have affirmed compliance with the code of conduct of Board of Directors and Senior Management :

A Declaration by Mr. Anwar Siraj Daud, Managing Director to this effect attached to this, forms part of this report.

(iv) Whistle Blower Policy :

The company does not have any Whistle Blower Policy as of now but no personnel is being denied any access to the Audit Committee.

(v) Details of compliance with mandatory requirements and adoption of non-mandatory requirements :

All mandatory requirements have been complied with and the non-mandatory requirements will be implemented as and when required and/or deemed necessary by the Board.

(vi) Declaration by CEO (Managing Director):

A Declaration by Dr. Anwar S. Daud, Managing Director in terms of Regulation 17 (8) of the LODR Regulations for the financial year ended 31.03.2017 was placed before the Board of Directors at its meeting held on 11.08.2017.

(vii) Code of Conduct :

The Board has laid down a Code of Conduct for all Board members and Senior Management of the Company which is posted on the website of the Company.

All Board members and Senior Management personnel have affirmed compliance with the code. A declaration to this effect signed by the Managing Director forms part of this Corporate Governance Report is appended at the end of this report. Information and details in all respects are posted on the Company's website-www.zimlab.in

10. General Shareholder information :

| | | |
|-------|---------------------------|---|
| (i) | AGM: Date, time and venue | 32 nd Annual General Meeting on September 30, 2016 at Sadoday Gyan (Ground Floor), Opp. NADT, Nelson Square, Nagpur – 440 013 |
| (ii) | Financial Year | April 1 – March 31. |
| (iii) | Date of Book Closure | 23.09.2016 to 30.09.2016 |
| (iv) | Dividend Payment Date | The dividend recommended by the Board if declared at the ensuing Annual General Meeting will be paid within 30 days from the date of declaration subject to approval of the shareholders. |
| (v) | Stock Code | ZIMLABE1 |
| (vi) | ISIN Code | INE518E01015 |

- Registrar and Share Transfer Agent : Link Intime India Pvt. Limited, C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No : +91 22 49186000
- Distribution of Shareholding pattern as on 31.03.2017



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| Nominal Value of shareholding | No. of shareholders | % of Shareholders | Share Amount (Rs.) | % of Share Amount |
|-------------------------------|---------------------|-------------------|--------------------|-------------------|
| Upto 500 | 553950 | 6.8992 | 5539500 | 6.8992 |
| 501 – 1000 | 117200 | 1.4597 | 1172000 | 1.4597 |
| 1001 – 2000 | 64700 | 0.8058 | 647000 | 0.8058 |
| 2001 – 3000 | 42200 | 0.5256 | 422000 | 0.5256 |
| 3001 – 4000 | 16790 | 0.2091 | 167900 | 0.2091 |
| 4001 – 5000 | 90210 | 1.1235 | 902100 | 1.1235 |
| 5001 – 10000 | 79824 | 0.9942 | 798240 | 0.9942 |
| 10001 and above | 7064271 | 87.9829 | 70642710 | 87.9829 |
| Total | 8029145 | 100.000 | 80291450 | 100.000 |

- Shareholding pattern as on 31.03.2017 of equity shares as per Regulation 31 of SEBI (Listing Obligation & Disclosure Requirement) Regulation, 2015.

| Category | No. of Shares | % |
|---------------------------|------------------|----------------|
| Promoter & Promoter Group | 41,54,810 | 51.744 |
| Other Bodies Corporate | 41,701 | 0.519 |
| Non Resident Indians | 1,78,998 | 2.229 |
| Foreign Individual | 2,15,868 | 2.689 |
| Foreign Company | 17,82,652 | 22.202 |
| Public | 16,55,116 | 20.614 |
| TOTAL | 80,29,145 | 100.000 |

- Dematerialisation of Shares :

| Category | No. of shares | Percentage |
|------------------|---------------|------------|
| In NSDL | 6790063 | 84.57 |
| In CDSL | 66575 | 0.83 |
| In Physical form | 1172507 | 14.60 |
| | 8029145 | 100.00 |

- Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity : NIL

- Plant locations :**

B-21/22, MIDC Area, KALMESHWAR-441 501 Dist. Nagpur (MS)
 PH. : 091-07118-271370 / 271990
 FAX : 091-07118-271470 / 271780
 Email : bdd01@zimlab.in



- **Address for correspondence :**

Registered Office :

Mr. R.A. Parasuraman, Company Secretary
Sadoday Gyan (Ground Floor) Opp. NADT,
Nelson Square, Nagpur – 440 013

PH. : 0712-2588070

Email : md@zimlab.in, cs@zimlab.in

- **For Share Transfer matters :**

Link Intime India Pvt. Limited,
C-101, 247 Park, L.B.S. Marg, Vikhroli (W)
MUMBAI – 400 083
Ph. (022) 49186000

- **For any other matter :**

Managing Director,
Zim Laboratories Limited
B-21/22, MIDC Area, Kalmeshwar - 441 501 Dist. Nagpur (MS)
PH. : 091-07118-271370
FAX : 091-07118-271470/271780
Email : md@zimlab.in

For and on behalf of the Board

(Anwar S. Daud)
Chairman

Nagpur
Dated : 11.08.2017



Independent Auditor's Report

To the Members of Zim Laboratories Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Zim Laboratories Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.



5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the standalone financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as at 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 11 August 2017 as per Annexure B expressed an unmodified opinion;



- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company, as detailed in Note 32B to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. the Company, as detailed in Note 44 to the standalone financial statements, has made requisite disclosures in these standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the Company.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Adi P. Sethna**
Partner
Membership No.: 108840

Place : Nagpur
Date : 11 August 2017



Annexure A to the Independent Auditor's Report of even date to the members of Zim Laboratories Limited, on the standalone financial statements for the year ended 31 March 2017

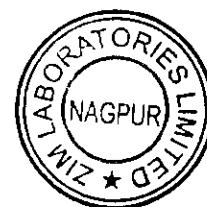
Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of 3 years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company except for the following properties:

| (Rs in lacs) | | | | |
|--------------------|-----------------------|--|---------------------------------|-------------------------------|
| Nature of property | Total Number of Cases | Whether leasehold /freehold | Gross value as at 31 March 2017 | Net value as at 31 March 2017 |
| Land | 2 | Leasehold | 145.86 | 138.36 |
| Building | 2 | Constructed on leasehold land referred above | 219.30 | 195.83 |

- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act, during the year. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.



Annexure A to the Independent Auditor's Report of even date to the members of Zim Laboratories Limited, on the standalone financial statements for the year ended 31 March 2017

- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there have been slight delays in few cases. Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

Statement of arrears of statutory dues outstanding for more than six months

| Name of the statute | Nature of the dues | Amount (Rs. In lacs) | Period to which the amount relates | Due Date | Date of Payment |
|----------------------|--|----------------------|------------------------------------|-------------------|------------------------------|
| Income Tax Act, 1961 | Default in payment of advance tax instalment | 41.25 | Assessment year 2017-18 | 15 September 2016 | Not paid till 11 August 2017 |

- (b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

| Name of the statute | Nature of dues | Amount (Rs. in lacs) | Amount paid under Protest (Rs. in lacs) | Period to which the amount relates | Forum where dispute is pending |
|----------------------|------------------------------------|----------------------|---|------------------------------------|--------------------------------------|
| Finance Act, 1994 | Service tax | 49.02 | - | 2008-09 to 2012-13 | CESTAT |
| | Service tax | 205.30 | 15.40 | 2011-12 to 2014-15 | CESTAT |
| Income Tax Act, 1961 | Income tax | 274.23 | 54.10 | Assessment year 2007-08 to 2014-15 | Commissioner of Income Tax (Appeal) |
| | Interest on tax deducted at source | 2.81 | - | Assessment year 2007-08 to 2014-15 | Assistant Commissioner of Income Tax |

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion, the term loans availed during the year were applied for the purposes for which these loans were obtained.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.



Annexure A to the Independent Auditor's Report of even date to the members of Zim Laboratories Limited, on the standalone financial statements for the year ended 31 March 2017

- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Walker Chandlok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Adi P. Sethna**
Partner
Membership No.: 108840

Place : Nagpur
Date : 11 August 2017



Annexure B to the Independent Auditor's Report of even date to the members of Zim Laboratories Limited, on the standalone financial statements for the year ended 31 March 2017

Annexure B

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the standalone financial statements of Zim Laboratories Limited ("the Company") as at and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting ("IFCoFR") of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (The ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements



Annexure B to the Independent Auditor's Report of even date to the members of Zim Laboratories Limited, on the standalone financial statements for the year ended 31 March 2017

in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

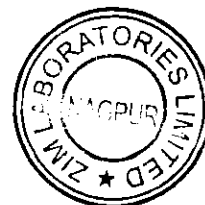
Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandlok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Adi P. Sethna**
Partner
Membership No.: 108840

Place: Nagpur
Date: 11 August 2017



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**Zim Laboratories Limited
Balance Sheet as at 31 March 2017**

| | Notes | As at 31-03-2017 Rs. lacs | As at 31-03-2016 Rs. lacs |
|--|-------|------------------------------|------------------------------|
| Equity and liabilities | | | |
| Shareholder's funds | | | |
| Share capital | 3 | 802.91 | 799.85 |
| Reserves and surplus | 4 | 11,010.28 | 9,105.25 |
| | | 11,813.19 | 9,905.10 |
| Non-current liabilities | | | |
| Long-term borrowings | 5 | 2,788.70 | 3,475.11 |
| | | 2,788.70 | 3,475.11 |
| Current liabilities | | | |
| Short-term borrowings | 6 | 4,669.91 | 5,629.99 |
| Trade payables | | | |
| Outstanding dues to micro and small enterprises | 7 | - | - |
| Outstanding dues to other than micro and small enterprises | 7 | 4,504.90 | 4,696.51 |
| Other current liabilities | 8 | 1,849.92 | 1,660.87 |
| Short-term provisions | 9 | 313.84 | 247.25 |
| | | 11,338.57 | 12,234.62 |
| Total | | 25,940.46 | 25,614.83 |
| Assets | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets (property, plant and equipments) | 10 | 8,734.72 | 9,064.95 |
| Intangible assets | 10 | 125.54 | 154.31 |
| Capital work-in-progress | | 270.75 | 293.25 |
| Intangible assets under development | | 111.69 | - |
| Non-current investments | 11 | 9.18 | 9.13 |
| Deferred tax assets (net) | 12 | 485.47 | - |
| Long-term loans and advances | 13 | 728.36 | 638.83 |
| Other non current assets | 17 | 15.59 | 45.64 |
| | | 10,481.30 | 10,206.11 |
| Current assets | | | |
| Inventories | 14 | 3,546.52 | 3,771.89 |
| Trade receivables | 15 | 8,867.15 | 8,853.13 |
| Cash and bank balances | 16 | 558.33 | 635.87 |
| Short-term loans and advances | 13 | 2,473.13 | 2,088.89 |
| Other current assets | 17 | 14.03 | 58.94 |
| | | 15,459.16 | 15,408.72 |
| Total | | 25,940.46 | 25,614.83 |

Summary of significant accounting policies 2.1
The accompanying notes are an integral part of financial statements.

This is the Balance Sheet referred to in our report of even date

For **Walker Chandlok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

For and on behalf of the board of directors of
Zim Laboratories Limited

per **Adi P. Sethna**
Partner
Membership No.: 108840

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiqar M. Kamal
Director & CFO
DIN: 01786763

Place: Nagpur
Date: 11 August 2017

Place: Nagpur
Date: 11 August 2017

R.A. Parasuraman
Company Secretary



33rd Annual Report 2016-2017

**Zim Laboratories Limited
Statement of Profit and Loss for the year ended 31 March 2017**

| | Notes | Year ended 31-03-2017 | Year ended 31-03-2016 |
|---|-------|--------------------------|--------------------------|
| | | Rs. lacs | Rs. lacs |
| Income | | | |
| Revenue from operations (gross) | 18 | 24,095.91 | 27,640.72 |
| Less: Excise duty | | 594.60 | 812.71 |
| Revenue from operations (net) | | 23,501.31 | 26,828.01 |
| Other income | 19 | 483.81 | 390.77 |
| Total revenue | | 23,985.12 | 27,218.78 |
| Expenses | | | |
| Cost of materials consumed | 20 | 9,340.36 | 14,304.54 |
| Purchase of stock in trade | 21 | 2,515.11 | 1,289.52 |
| Changes in inventories of finished goods and work-in-progress | 22 | 141.36 | 130.73 |
| Employee benefits expense | 23 | 3,332.78 | 3,070.01 |
| Finance costs | 24 | 967.03 | 1,365.32 |
| Depreciation and amortisation expense | 25 | 900.57 | 875.69 |
| Other expenses | 26 | 5,048.04 | 5,108.91 |
| Total expenses | | 22,245.25 | 26,144.72 |
| Profit before exceptional items and tax | | 1,739.87 | 1,074.06 |
| Exceptional items | 27 | - | (533.03) |
| Profit before tax | | 1,739.87 | 541.03 |
| Tax (expense)/credit | | | |
| Current Tax | | (419.03) | (231.18) |
| Tax adjustments pertaining to earlier years | | 53.58 | 33.90 |
| Minimum alternative tax credit entitlement | | - | 170.80 |
| Deferred Tax | | 485.47 | - |
| Total tax (expense)/credit (net) | | 120.02 | (26.48) |
| Profit for the year | | 1,859.89 | 514.55 |
| Earnings per share (nominal value of share Rs. 10 (31 March 2016: Rs. 10)) | | | |
| Basic (In Rs.) | | 23.19 | 6.43 |
| Diluted (In Rs.) | | 22.94 | 6.34 |
| Summary of significant accounting policies | 2.1 | | |

The accompanying notes are an integral part of financial statements.

This is the Statement of Profit and Loss referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

For and on behalf of the board of directors of
Zim Laboratories Limited

per **Adi P. Sethna**
Partner
Membership No.: 108840

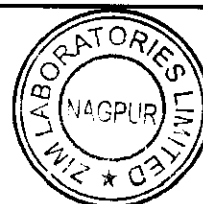
Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director & CFO
DIN: 01786763

Place: Nagpur
Date: 11 August 2017

Place: Nagpur
Date: 11 August 2017

R.A. Parasuraman
Company Secretary



33rd Annual Report 2016-2017

Zim Laboratories Limited Cash flow statement for the year ended 31 March 2017

| | Year ended 31-03-2017 | Year ended 31-03-2016 |
|---|--------------------------|--------------------------|
| | Rs. lacs | Rs. lacs |
| Cash flow from operating activities | | |
| Profit before tax | 1,739.87 | 541.03 |
| Depreciation and amortisation expense | 900.57 | 875.69 |
| Loss on sale of fixed assets (net) | 22.02 | 60.04 |
| Fixed Assets Written off | 10.69 | 24.75 |
| Unrealized Foreign Exchange (Gain)/Loss | 38.69 | (19.70) |
| Premium on forward exchange contract amortised | 2.18 | 4.03 |
| Provision for doubtful debts (net) (Exceptional item) | - | 398.98 |
| Provision for doubtful advances (net) (Exceptional item) | - | 134.05 |
| Provision for employee benefits | (6.85) | 3.85 |
| Dividend Income on investments | (0.60) | (0.60) |
| Interest Income | (45.70) | (45.83) |
| Bad debts Written off | 130.28 | 41.33 |
| Employee compensation cost (ESOP costs) | 45.14 | 62.50 |
| Finance costs | 867.03 | 1,365.32 |
| Operating profit before working capital changes | 3,803.32 | 3,445.44 |
| Movement in working capital : | | |
| Increase/(decrease) in trade payables | (181.54) | (1,713.60) |
| Increase/(decrease) in other current liabilities | 140.41 | (81.37) |
| Increase/(decrease) in short-term provisions | (6.85) | (4.07) |
| (Increase)/ decrease in long term loans and advances | 36.02 | (106.12) |
| (Increase)/decrease in inventories | 225.37 | 838.01 |
| (Increase)/decrease in trade receivables | (202.59) | (1,160.21) |
| (Increase)/decrease in short term loans and advances | (347.63) | 1,103.23 |
| (Increase)/decrease in other current assets | (9.77) | (2.16) |
| Net Cash generated from operations | 3,456.74 | 2,319.15 |
| Direct taxes paid (net of refunds) | (248.63) | (114.16) |
| Net cash flow from operating activities (A) | 3,208.11 | 2,204.99 |
| Cash flows from investing activities | | |
| Purchase of fixed assets (including capital advances) | (887.53) | (1,315.67) |
| Proceeds from sale of fixed assets | 35.45 | 4.51 |
| (Purchase) of non-current investment | (0.05) | - |
| Investments in bank deposits (having original maturity of more than three months) | (239.43) | (307.20) |
| Maturity of bank deposits (having original maturity of more than three months) | 323.08 | 398.39 |
| Interest received | 43.09 | 45.96 |
| Dividend received | 0.60 | 0.60 |
| Net cash from/ (used in) Investing activities (B) | (724.79) | (1,173.41) |
| Cash flows from financing activities | | |
| Proceeds from issue of equity shares | 3.06 | - |
| Proceeds from long term borrowings | 15.00 | 10.00 |
| (Repayment) of long term borrowings | (498.60) | (387.37) |
| Proceeds from short term borrowings | - | 1,372.94 |
| (Repayment) of short term borrowings | (950.16) | (870.73) |
| Finance costs paid | (995.23) | (1,158.87) |
| Dividend paid on equity shares | (72.52) | - |
| Tax on equity dividend paid | (16.28) | (0.67) |
| Net cash from/ (used in) financing activities (C) | (2,514.73) | (1,034.70) |
| Net (decrease) in cash and cash equivalents (A+B+C) | (31.41) | (3.12) |
| Opening cash and cash equivalents | 70.90 | 74.02 |
| Closing cash and cash equivalents | 39.49 | 70.90 |
| Components of cash and cash equivalents | 31-Mar-17 | 31-Mar-16 |
| Cash on hand | 2.98 | 8.13 |
| Balances with banks in: | | |
| - Current accounts | 36.51 | 62.77 |
| Total Cash and cash equivalents (refer note 16) | 39.49 | 70.90 |

Note:

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard 3, "Cash Flow Statements", prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of financial statements.

This is the Statement of Profit and Loss referred to in our report of even date

For **Walker Chandok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

For and on behalf of the board of directors of
Zim Laboratories Limited

per **Adi P. Sethna**
Partner
Membership No.: 108840

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfikar M. Kamal
Director & CFO
DIN: 01786763

Place: Nagpur
Date: 11 August 2017

Place: Nagpur
Date: 11 August 2017

R.A. Parasuraman
Company Secretary



Zim Laboratories Limited**Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017****1. Corporate Information**

Zim Laboratories Limited ('the Company') is a public limited company domiciled in India. The Company is engaged in the manufacturing of formulation drugs and pre formulation ingredients in India and marketing and selling these within and outside India.

The Company has received notice from BSE Limited (BSE) whereby Company has been provided an option to either complete the procedures for listing of its equity shares on nationwide stock exchange or provide exit to public shareholders by acquiring their equity shares at rates determined by valuer. Pursuant to receipt of such notice, the Company has initiated the procedures for listing of its equity shares on BSE.

2. Basis of Preparation

The financial statements, which have been prepared under the historical cost convention on the accrual basis of accounting, are in accordance with the applicable requirements of the Companies Act, 2013 (the 'Act') and comply in all material aspects with the Accounting Standards as prescribed under Section 133 of the Act read with the Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to Companies Act, 2013.

Based on the nature of business and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as a period not exceeding twelve months for the purpose of current/ non-current classification of assets and liabilities.

2.1 Summary of significant accounting policies**a. Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in India requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and carrying value of assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Examples of such estimates include useful life of fixed assets, provision for doubtful debts/advances, provision for inventory obsolescence, future obligation on retirement benefit plans, provision for export commission, etc.

b. Tangible fixed assets and Capital Work-in-progress

Fixed assets (property, plant and equipments) are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs (if capitalisation criteria are met) and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for their intended use are also included in the cost of the assets to the extent these relate to the period up to the date such assets are ready to be put to use.

Expenditure (including interest) incurred during the construction period is included in Capital work-in-progress and the same is allocated to respective fixed assets on completion of the construction.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.



Zim Laboratories Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

c. Depreciation on tangible fixed assets

Depreciation on fixed assets is provided under the straight line method over the useful lives of assets as prescribed under Part C of Schedule II to the Act

d. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Expenditure incurred for obtaining regulatory approvals and registration of the products for overseas markets are considered as product marketing authorisations.

Intangible assets are amortised on a straight line basis over the estimated useful economic life, which is estimated to be five years for software and three years for product marketing authorisations.

e. Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the Company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

During the period of development, the asset is tested for impairment annually. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight line basis over the period of expected future benefit from the related project. Amortisation is recognised in the Statement of Profit and Loss.

f. Leases

Where the company is lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

g. Borrowing costs

Borrowing cost includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.



Zim Laboratories Limited**Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017****h. Impairment of tangible and intangible assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication of impairment exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset generates cash inflows that are largely dependent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated.

i. Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognised at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds

j. Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

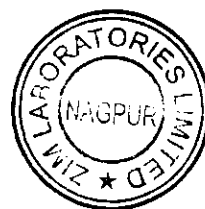
On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

k. Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.



Zim Laboratories Limited**Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017**

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

I. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of Profit and Loss.

Income from services

Income from service rendered is recognised based on the terms of the agreements and when services are rendered. Service income is net of service tax.

Dividend

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

m. Foreign currency translation**Foreign currency transactions and balances****(i) Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.



Zim Laboratories Limited**Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017****(iii) Exchange differences**

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

Exchange differences arising on settlement/ restatement of monetary items are recognised as income or as expenses in the year in which they arise. Premium or discount on forward contracts is amortised over the life of such contracts and is recognised as income or expenses.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/ income over the life of the contract. Exchange differences on such contracts, are recognised in the Statement of Profit and Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period.

n. Retirement and other employee benefits

Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

Retirement benefit in the form of Provident Fund is a defined contribution scheme. The contributions to the Provident Fund are charged to the Statement of Profit and Loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the Provident Fund.

The Company has only one defined benefit plan for its employees, viz., gratuity. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gain and loss for defined benefit plan is recognised in full in the period in which they occur in the Statement of Profit and Loss. The fair value of the plan assets of the Company with an insurance company is reduced from the gross obligation under the plan, to recognise the obligation on net basis.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences for which the Company has availed benefit plan with an insurance company, are recognised based on an actuarial valuation in the same manner as gratuity, including recognition of the obligation net of fair value of plan assets.

o. Taxation

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are applicable to the reporting period.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.



Zim Laboratories Limited**Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017**

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

p. Segment reporting**Identification of segments**

The Company is operating within only one primary business segment i.e. "pharmaceutical". The analysis of geographical segments is based on the revenue generating locations. The geographical segment information of the Company is categorized under domestic sales and export sales.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

q. Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.



Zim Laboratories Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

r. Provisions

Provisions are recognised in the financial statements in respect of present probable obligations, for amounts which can be reliably estimated. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

s. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

t. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise unrestricted cash at bank and in hand and short-term investments with an original maturity of three months or less.



Zim Laboratories Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

| 3. Share capital | As at 31-03-2017 | As at 31-03-2016 |
|---|------------------|------------------|
| | Rs. lacs | Rs. lacs |
| Authorised share Capital | | |
| 1,10,00,000 (31 March 2016: 1,10,00,000) equity shares of Rs. 10 each | 1,100.00 | 1,100.00 |
| Issued, subscribed and fully paid-up shares | | |
| 80,29,145 (31 March 2016: 79,98,520) equity shares of Rs. 10 each fully paid up | 802.91 | 799.85 |
| Total issued, subscribed and fully paid-up share capital | 802.91 | 799.85 |

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| Equity Shares | As at 31-03-2017 | | As at 31-03-2016 | |
|--------------------------------------|------------------|---------------|------------------|---------------|
| | Number | Rs. lacs | Number | Rs. lacs |
| At the beginning of the period | 7,998,520 | 799.85 | 7,998,520 | 799.85 |
| Issued during the period | 30,625 | 3.06 | - | - |
| Outstanding at the end of the period | 8,029,145 | 802.91 | 7,998,520 | 799.85 |

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 each. Each share holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% of shareholding in Company

| Name of Shareholder | As at 31-03-2017 | | As at 31-03-2016 | |
|--|------------------|------------------------|------------------|------------------------|
| | Number | % holding in the class | Number | % holding in the class |
| AA Development Capital India Fund 1, LLC | 1,782,652 | 22.20% | 1,782,652 | 22.29% |
| Anwar Daud* | 2,222,720 | 27.68% | 2,222,720 | 27.79% |
| Zakir Vali# | 1,424,570 | 17.74% | 1,424,570 | 17.81% |

* 2,50,000 shares are jointly held with Tasneem Daud (wife of Mr. Anwar Daud).

- 50 shares are jointly held with Zia Vali and Faiz Vali

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(d) Employee Stock Option

For details of shares reserved for issue under the employee stock option plan of the Company, refer note 34

| 4. Reserves and surplus | As at 31-03-2017 | As at 31-03-2016 |
|--|------------------|------------------|
| | Rs. lacs | Rs. lacs |
| Capital reserve | 40.00 | 40.00 |
| Securities premium | | |
| Balance as per last financial statements | 4,761.16 | 4,761.16 |
| Add: Premium on shares issued during the year | 36.08 | - |
| Balance at the end of the year | 4,797.24 | 4,761.16 |
| General reserve | 106.20 | 106.20 |
| Surplus in the Statement of Profit and Loss | | |
| Balance as per last financial statements | 4,135.39 | 3,717.78 |
| Profit / (Loss) for the year | 1,859.89 | 514.55 |
| Less: Appropriations | | |
| Proposed final equity dividend - Nil (31 March 2016 - Re. 1 per share) | - | 79.99 |
| Tax on proposed equity dividend - Nil (31 March 2016 includes adjustment of earlier years of Rs) | - | 16.95 |
| Total appropriations | - | 96.94 |
| Net surplus in the Statement of Profit and Loss | 5,995.28 | 4,135.39 |
| Employee stock options outstanding (refer note 34) | | |
| Balance as per last financial statements | 62.50 | - |
| Additions during the year | 45.14 | 62.50 |
| Less: Transfer to securities premium on exercise of stock options | 36.08 | - |
| Balance at the end of the year | 71.56 | 62.50 |
| Total reserves and surplus | 11,010.28 | 8,105.25 |



Zim Laboratories Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

5. Long-term borrowings

| | Non-current | | Current | |
|--|------------------|------------------|------------------|------------------|
| | As at 31-03-2017 | As at 31-03-2016 | As at 31-03-2017 | As at 31-03-2016 |
| | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs |
| Secured | | | | |
| Term Loans from banks | | | | |
| - Indian rupee loan | 375.85 | 480.72 | 102.79 | 84.81 |
| - Foreign currency loan from banks/ External commercial borrowings (ECB) | 2,347.79 | 2,810.53 | 501.02 | 385.50 |
| - Vehicle Loans | 9.90 | 6.94 | 8.24 | 3.06 |
| Unsecured | | | | |
| Loan from Department of Scientific and Industrial Research (DSIR), Government of India | 26.40 | 39.60 | 13.20 | 13.20 |
| Deferred sales tax loan | 28.66 | 37.32 | 8.66 | 5.26 |
| Current maturities disclosed under the head "Other current liabilities" (refer note 8) | - | - | (633.91) | (491.83) |
| | 2,788.70 | 3,475.11 | - | - |

- (a) Indian rupee loan from consortium member are secured by way of first charge on all present and future fixed assets including Land & Building, Plant & Machinery and second charge on all current assets on pari passu basis with lead banker & other members under consortium arrangement. The loans are also secured by personal guarantee of managing director. The borrowings made from a member bank of Rs 478.74 lacs (31 March 2016: Rs 565.53 lacs) are repayable in 84 equated monthly instalments, commenced from April 2014, of Rs. 13.31 lacs each. The applicable interest rate on this loan is PLR less 4.5% p.a. (effective interest rate of 13.00% earlier 14.50% upto November 2016 (31 March 2016: 14.5%)).
- (b) Foreign currency loan (ECB-I) of Rs 1233 Lacs (31 March 2016: 1562 Lacs) from bank carries interest rate of 3 Month LIBOR plus 5% p.a. effective rate of 6.15% (31 March 2016: 5.62%) which is repayable from May 2013 to May 2019 in half yearly instalments ranging from Rs 41.89 lacs to Rs 295.90 lacs. Foreign currency loan (ECB-II) of Rs. 1615.81 lacs (31 March 2016: Rs. 1734 lacs) carries interest rate of 6 Month LIBOR plus 4.70% p.a. effective rate of 6.07% (31 March 2016: 5.59%) is repayable from November 2014 to November 2020 in half yearly instalments ranging from Rs 16.69 lacs to Rs 444.67 lacs. The Company has entered into Interest rate swap for securing fixed interest liability payable in USD against ECB-II. The effective interest rate under interest rate swap is 7.80% per annum.

The loans are secured by the first charge on entire fixed assets of the Company both present & future and second charge on entire current assets of the Company on pari-passu basis with other consortium members. Loans are also secured by personal guarantee of managing director.

- (c) Vehicle Loan (Loan-I) having interest rate of 9.65% is repayable from April 2016 to March 2019 in 36 equal monthly instalments of Rs 0.32 lacs each. Vehicle loan (Loan-II) having interest rate of 9.50% is repayable from June 2016 to May 2019 in 36 equal instalments of Rs 0.48 lacs each. The vehicle loans are secured against hypothecation of respective vehicles.
- (d) Loan from DSIR is repayable after 36 months from the date of first sanction i.e. 18th October 2011, in five yearly equal instalments of Rs 17.16 lacs. The Company shall pay annual royalty of 26% of the amount disbursed i.e. repayment shall be 1.30 times of the amount actually disbursed by DSIR.
- (e) Deferred sales tax loan pertains to interest free tax liability under the packing incentive scheme for the year 2004-05, 2005-06 and 2006-07 and is payable in 5 annual instalments having commencement from the financial year 2015-16, 2016-17 and 2017-18 respectively. The instalment amount is ranging from 0.71 lacs to Rs 3.40 lacs

6. Short term borrowings

| | As at 31-03-2017 | As at 31-03-2016 |
|---|------------------|------------------|
| | Rs. lacs | Rs. lacs |
| Secured | | |
| - From Banks, repayable on demand | | |
| - Cash credit, packing credit facilities (refer note a and b) | 4,292.71 | 5,153.97 |
| - Buyer's Credit | 219.13 | 214.50 |
| From other body corporate | 158.07 | 281.52 |
| | 4,668.91 | 5,629.99 |

- (a) Cash credit from banks are secured by the first charge on all current assets both present and future and second charge on all the fixed assets of the Company both present and future on pari passu basis with other consortium members. The interest rate on cash credit facility from lead banker & other banks is MCLR plus 3.60% p.a., Base rate plus 3.50% p.a. and PLR minus 4.5% p.a. respectively. The loans are secured by personal guarantee of Managing Director.
- (b) Packing credit in foreign currency and post shipment credit Rs 500.79 lacs (31 March 2016 : Rs 673.68 lacs) in foreign currency from bank are secured by the first charge on all current assets both present and future and second charge on all the fixed assets of the Company both present and future on pari passu basis with other consortium members. The interest rate on packing credit and post shipment credit facility from bank is LIBOR plus 2.5% p.a. Loans are also secured by personal guarantee of managing director.
- (c) The Company has availed of import financing facility under the buyer's credit scheme. The maximum repayment period is one year from the date of drawdown. Buyer's credit facility is towards import of fixed assets. Interest is charged @ LIBOR plus mark-up payable at maturity. The facility is fully secured alongwith cash credit facilities from banks.
- (d) Short term loan from body corporate is secured by bank guarantee having initial repayment period of 90 Days against each purchase at rate of interest of 11.00% p.a. (earlier 12.50% upto Oct 2016 and 12.00% thereafter till December 2016).



Zim Laboratories Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

7. Trade payables

Outstanding dues to micro and small enterprises (refer note 37)
Outstanding dues to other than micro and small enterprises
 For goods
 For expenses

| As at 31-03-2017 | As at 31-03-2016 |
|------------------|------------------|
| Rs. lacs | Rs. lacs |
| - | - |
| 2,427.63 | 3,030.29 |
| 2,077.27 | 1,666.22 |
| 4,504.90 | 4,696.51 |

8. Other current liabilities

Current maturities of long term borrowings (refer note 5)
 Interest accrued but not due on borrowings
 Payable for capital expenditure
 Advance received from customers
 Statutory dues
 Unpaid dividends#
 Overdrawn bank balances as per books
 Employee related liabilities
 Others

| As at 31-03-2017 | As at 31-03-2016 |
|------------------|------------------|
| Rs. lacs | Rs. lacs |
| 633.91 | 491.83 |
| 66.21 | 71.17 |
| 54.09 | 150.04 |
| 800.85 | 364.87 |
| 142.47 | 159.85 |
| 28.42 | 20.95 |
| 5.50 | 127.57 |
| 266.91 | 225.41 |
| 51.56 | 49.18 |
| 1,849.92 | 1,660.87 |

There is no amount due to be transferred to the Investor Education and Protection Fund as at the year end.

9. Short-term provisions

Provision for employee benefits
 Provision for gratuity (refer note 29 (a))
 Provision for leave entitlement
Other Provisions
 Provision for income tax (net of advance tax of Rs. 125.39 lacs (31 March 2016 Rs. 120.85 lacs))
 Proposed equity dividend
 Provision for tax on proposed equity dividend

| As at 31-03-2017 | As at 31-03-2016 |
|------------------|------------------|
| Rs. lacs | Rs. lacs |
| 20.89 | 21.76 |
| - | 5.98 |
| 292.95 | 123.24 |
| - | 79.99 |
| - | 16.28 |
| 313.84 | 247.25 |



Zim Laboratories Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

10. Tangible and intangible assets

(Rs. lacs)

| | Tangible assets (property, plant and equipment) | | | | | | | | Intangible assets | | | Total |
|----------------------------------|---|-----------------------------------|------------------------------------|------------------------|-----------------------|---------------------------|-------------------|-----------------------------|-------------------|---------------|-------------------------------------|---------------|
| | Freehold Land | Leasehold Land (refer point 2) | Buildings (refer point 1 and 3) | Plant and Machinery | Electric Installation | Furniture and Fixtures | Office Equipments | Vehicles (refer point 4) | Total | Softwares | Product marketing authorisations | |
| Gross | | | | | | | | | | | | |
| At 1 April 2015 | 89.39 | 374.57 | 3,732.83 | 5,219.26 | 198.41 | 653.63 | 120.50 | 130.73 | 10,519.42 | 230.81 | - | 230.81 |
| Additions | - | 289.15 | 446.89 | 522.74 | 2.37 | 194.04 | 51.03 | 20.51 | 1,526.73 | 1.78 | - | 1.78 |
| Adjustment* | - | 55.11 | - | - | - | - | - | - | 55.11 | - | - | - |
| Disposals | - | - | - | 180.99 | - | - | - | 6.95 | 187.84 | - | - | - |
| At 31 March 2016 | 89.39 | 608.61 | 4,179.82 | 5,561.01 | 200.78 | 847.67 | 171.53 | 144.39 | 11,803.20 | 232.59 | - | 232.59 |
| Additions | - | 13.04 | 32.65 | 356.73 | 20.83 | 13.68 | 35.06 | 64.42 | 536.41 | 0.56 | 17.66 | 18.22 |
| Disposals | - | - | - | 14.49 | - | 37.62 | 15.52 | 11.47 | 79.10 | - | - | - |
| At 31 March 2017 | 89.39 | 621.65 | 4,212.47 | 5,903.25 | 221.61 | 823.73 | 191.07 | 197.34 | 12,260.51 | 233.15 | 17.66 | 250.81 |
| Depreciation/Amortisation | | | | | | | | | | | | |
| At 1 April 2015 | - | 13.68 | 455.56 | 1,188.16 | 33.88 | 204.66 | 55.36 | 56.27 | 2,007.54 | 31.84 | - | 31.84 |
| Charge for the year | - | 4.66 | 152.78 | 517.30 | 21.25 | 77.97 | 36.96 | 18.32 | 829.25 | 46.44 | - | 46.44 |
| Adjustment* | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | 93.69 | - | - | - | 4.85 | 98.54 | - | - | - |
| At 31 March 2016 | - | 18.34 | 608.34 | 1,611.77 | 55.11 | 282.63 | 92.32 | 68.74 | 2,738.25 | 78.28 | - | 78.28 |
| Charge for the year | - | 8.72 | 145.62 | 540.47 | 22.38 | 76.77 | 36.19 | 23.43 | 853.58 | 46.57 | 0.42 | 46.99 |
| Disposals | - | - | - | 10.42 | - | 31.17 | 15.34 | 9.11 | 66.04 | - | - | - |
| At 31 March 2017 | - | 27.06 | 753.96 | 2,141.82 | 77.49 | 328.23 | 113.17 | 84.08 | 3,525.79 | 124.85 | 0.42 | 125.27 |
| Net | | | | | | | | | | | | |
| At 31 March 2017 | 89.39 | 594.59 | 3,458.51 | 3,761.43 | 144.12 | 495.50 | 77.90 | 113.28 | 8,734.72 | 108.30 | 17.24 | 125.54 |
| At 31 March 2016 | 89.39 | 590.27 | 3,571.48 | 3,949.24 | 145.67 | 565.04 | 79.21 | 74.65 | 9,064.95 | 154.31 | - | 154.31 |

68

1 Building includes those constructed on leasehold land:

| | 31-Mar-17 | 31-Mar-16 |
|--------------------------------------|-----------|-----------|
| Gross block | 3,154.31 | 3,154.31 |
| Depreciation charged during the year | 110.45 | 118.85 |
| Accumulated depreciation | 639.31 | 528.86 |
| Net Book Value | 2,515.00 | 2,625.45 |

2 Leasehold land for which title has not transferred in the name of the Company till date.

| | 31-Mar-17 | 31-Mar-16 |
|--------------------------------------|-----------|-----------|
| Gross block | 145.86 | 435.01 |
| Depreciation charged during the year | 2.02 | 2.89 |
| Accumulated depreciation | 7.50 | 6.84 |
| Net Book Value | 138.36 | 428.17 |

Note :- The Company is in the process of getting title transferred in its name.

3 Building includes those constructed on leasehold land referred in 2 above

| | 31-Mar-17 | 31-Mar-16 |
|--------------------------------------|-----------|-----------|
| Gross block | 219.30 | 280.16 |
| Depreciation charged during the year | 7.31 | 8.10 |
| Accumulated depreciation | 23.47 | 16.93 |
| Net Book Value | 195.63 | 263.23 |

Note :- The Company is in the process of getting title transferred in its name.

4 Vehicles includes vehicles in the personal name of directors & employees having Gross Block Rs. 96.02 lacs and WDV Rs. 54.30 lacs (31st March 2016 - Gross Block Rs. 82.30 lacs and WDV Rs. 46.23 lacs)

5 * Represents assets held for sale classified under other current assets.



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| 11. Non current investments (valued at cost) (Unquoted) | As at 31-03-2017 | As at 31-03-2016 |
|---|-------------------------|-------------------------|
| | Rs. lacs | Rs. lacs |
| Trade investments | | |
| Investment in Subsidiary Company | | |
| 25 (31 March 2016: 25) equity shares of AED 1000 each fully paid-up in Zim Laboratories FZE,UAE | 4.03 | 4.03 |
| Investment in equity instruments | | |
| 20,000 (31 March 2016: 20,000) equity shares of Rs. 25 each fully paid-up in Shamrao Vitthal co-operative Bank Limited | 5.00 | 5.00 |
| Other investments | | |
| Government securities | | |
| National Saving Certificate | 0.15 | 0.10 |
| | 9.18 | 9.13 |
| 12. Deferred tax assets (Net) | As at 31-03-2017 | As at 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Deferred tax liabilities | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for financial reporting | 1,020.55 | 950.92 |
| Advance payment of employee benefits | 0.80 | - |
| Gross deferred tax liabilities | 1,021.35 | 950.92 |
| Deferred tax assets# | | |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 87.21 | 84.51 |
| Provision for employee benefits | - | 9.60 |
| Provision for doubtful debts and advances | 1,419.61 | 1,419.61 |
| Gross deferred tax assets | 1,506.82 | 1,513.72 |
| | 485.47 | - |

Recognised based on the principles given under note 2.1 (O)

| 13. Loans and advances (Unsecured, considered good unless otherwise stated) | Long-term | | Short-term | |
|--|------------------|------------------|------------------|------------------|
| | As at 31-03-2017 | As at 31-03-2016 | As at 31-03-2017 | As at 31-03-2016 |
| | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs |
| Advances recoverable in cash or kind | | | | |
| Considered good | - | - | 1,225.72 | 712.60 |
| Considered doubtful | - | - | 413.71 | 413.71 |
| | - | - | 1,639.43 | 1,126.31 |
| Less: Provision for doubtful advances | - | - | (413.71) | (413.71) |
| | - | - | 1,225.72 | 712.60 |
| Earnest Money and security deposits | 95.87 | 82.05 | 111.99 | 123.46 |
| Capital advances | 156.55 | 8.79 | - | - |
| Advances to related parties (refer note 36) | - | - | 11.86 | 14.28 |
| Leave benefits | - | - | 23.22 | - |
| Prepaid expenses | 0.39 | 2.61 | 85.61 | 61.02 |
| Loans to employees | - | - | 8.20 | 6.44 |
| Balance with statutory/government authorities | 54.10 | 101.72 | 970.02 | 1,171.09 |
| Minimum Alternative Tax credit entitlement | 421.45 | 443.66 | 36.61 | - |
| | 728.36 | 638.83 | 2,473.13 | 2,088.89 |

Advances to related parties include:

| Advances to Managing Director | Short-term | |
|-------------------------------|------------------|------------------|
| | As at 31-03-2017 | As at 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| | 11.86 | 14.28 |
| | 11.86 | 14.28 |



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14. Inventories

(Valued at lower of cost and net realizable value)

| | As at 31-03-2017 | As at 31-03-2016 |
|---|------------------|------------------|
| | Rs. lacs | Rs. lacs |
| Raw materials and packing materials (includes in transit - Nil (31 March 2016 : Rs.184.21lacs)) | 2,145.04 | 2,266.19 |
| Work-in-progress | 596.01 | 550.58 |
| Finished goods (includes in transit - Rs. 36.51 lacs (31 March 2016 : Rs. 56.06 lacs)) | 719.70 | 906.49 |
| Stores and spares | 85.77 | 48.83 |
| | 3,546.52 | 3,771.89 |

15. Trade receivables

Outstanding for more than six months from the date they are due for payment (refer note a. below)

| | As at 31-03-2017 | As at 31-03-2016 |
|------------------------------------|-------------------|-------------------|
| | Rs. lacs | Rs. lacs |
| Considered good | 2,416.88 | 2,634.50 |
| Considered doubtful | 3,688.28 | 3,688.28 |
| Other receivables | | |
| Unsecured, considered good | 6,450.47 | 6,218.63 |
| Considered doubtful | - | - |
| | 12,555.43 | 12,541.41 |
| Less: Provision for doubtful debts | (3,688.28) | (3,688.28) |
| | 8,867.15 | 8,853.13 |

Nature of security

- a. The Company has entered into an escrow agreement with one of the shareholders, whereby his holding to the extent of 5 Lacs equity shares in the Company has been considered as security towards realisability of certain aged trade receivables. The shares held in escrow account are proposed to be liquidated to meet shortfall, if any, in recovery of the trade receivables specified. Accordingly, the final amount of recovery (security value) would depend on the shortfall in collections till agreed date and future market value of equity shares at the time of settlement. The current value of the shares has been determined by management on the basis of valuation report obtained from an independent valuer.

16. Cash and Bank Balances

| | Non-Current | | Current | |
|---|------------------|------------------|------------------|------------------|
| | As at 31-03-2017 | As at 31-03-2016 | As at 31-03-2017 | As at 31-03-2016 |
| | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs |
| Cash and cash equivalents | | | | |
| Cash on hand | - | - | 2.98 | 8.13 |
| Balances with banks in: | | | | |
| - Current accounts | - | - | 36.51 | 62.77 |
| | - | - | 39.49 | 70.90 |
| Other Bank Balances | | | | |
| Unclaimed dividend account | - | - | 28.42 | 20.95 |
| Margin money deposits* | 15.59 | 45.64 | 490.42 | 544.02 |
| | 15.59 | 45.64 | 518.84 | 564.87 |
| Amount disclosed under non-current assets (refer note 17) | (15.59) | (45.64) | - | - |
| | - | - | 558.33 | 635.87 |

*Margin money deposits are subject to first charge to secure Company's cash credit borrowings and other non fund base limits.

17. Other assets

| | Non-Current | | Current | |
|---|------------------|------------------|------------------|------------------|
| | As at 31-03-2017 | As at 31-03-2016 | As at 31-03-2017 | As at 31-03-2016 |
| | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs |
| (Unsecured, considered good) | | | | |
| Non-current bank balances (refer note 16) | 15.59 | 45.64 | - | - |
| Unamortised Premium on Forward Contracts | - | - | - | 0.62 |
| Unrealised exchange gain on forward contracts | - | - | 8.21 | - |
| Assets held for sale | - | - | - | 55.11 |
| Others | | | | |
| Interest accrued | - | - | 5.82 | 3.21 |
| | 15.59 | 45.64 | 14.03 | 58.94 |

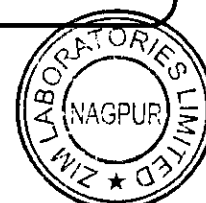


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Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

| | Year ended 31-03-2017 | Year ended 31-03-2016 |
|---|--------------------------|--------------------------|
| | Rs. lacs | Rs. lacs |
| 18. Revenue from operations | | |
| Sales of products | | |
| Finished goods | 20,886.85 | 25,765.90 |
| Stock in trade | 2,660.41 | 1,419.51 |
| Other operating revenue | 548.65 | 455.31 |
| | 24,095.91 | 27,640.72 |
| Less: Excise duty | 594.80 | 812.71 |
| | 23,501.31 | 26,826.01 |
| Details of product sold | | |
| Finished goods | | |
| Tablets | 5,411.99 | 11,113.68 |
| Capsules | 2,218.25 | 3,021.82 |
| Pre formulation ingredients | 12,498.19 | 11,332.66 |
| Others | 758.42 | 297.74 |
| | 20,886.85 | 25,765.90 |
| Stock in trade | | |
| Tablets | 1,009.17 | 573.36 |
| Capsules | 313.78 | 85.42 |
| Bulk Drugs | 1,337.46 | 760.73 |
| | 2,660.41 | 1,419.51 |
| Other operating revenue | | |
| Export incentives | 519.99 | 421.65 |
| Scrap Sales | 16.51 | 15.27 |
| Others | 12.15 | 18.39 |
| | 548.65 | 455.31 |
| 19. Other Income | | |
| Interest income on | | |
| Fixed deposits | 45.70 | 45.83 |
| Others | 6.47 | 3.47 |
| Dividend income on investments | 0.60 | 0.60 |
| Exchange rate difference (net) | 98.15 | 182.32 |
| Other non-operating income | 332.89 | 158.55 |
| | 483.81 | 390.77 |
| 20. Cost of materials consumed | | |
| Inventory at the beginning of year | 2,266.19 | 2,975.84 |
| Add: Purchases | 9,219.21 | 13,594.89 |
| | 11,485.40 | 16,570.73 |
| Less: Inventory at the end of year | 2,145.04 | 2,266.19 |
| Cost of materials consumed | 9,340.36 | 14,304.54 |
| Details of raw material, components and packing materials consumed | | |
| Drugs | 3,408.81 | 4,413.41 |
| Antibiotics | 2,929.45 | 5,732.94 |
| Packing materials | 1,163.82 | 1,901.51 |
| Excipients | 999.66 | 1,171.53 |
| EHG capsules | 243.04 | 415.58 |
| Vitamins | 104.67 | 167.28 |
| Others | 490.91 | 502.29 |
| | 9,340.36 | 14,304.54 |
| Details of inventory | | |
| Drugs | 343.79 | 669.90 |
| Antibiotics | 1,105.54 | 958.15 |
| Packing materials | 244.55 | 281.35 |
| Excipients | 318.58 | 218.64 |
| EHG capsules | 33.07 | 43.16 |
| Vitamins | 26.57 | 24.16 |
| Others | 72.94 | 70.83 |
| | 2,145.04 | 2,266.19 |



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Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

| | | |
|--|--|--|
| 21. Purchase of Stock in trade | Year ended 31-03-2017 | Year ended 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Details of purchases of traded goods | | |
| Tablets | 993.96 | 562.30 |
| Capsules | 307.97 | 85.07 |
| Bulk Drugs | 1,213.18 | 642.15 |
| | <u>2,515.11</u> | <u>1,289.52</u> |
| 22. Changes in Inventories of finished goods and work in progress | Year ended 31-03-2017 | Year ended 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Inventories at the end of the year | | |
| Finished goods | 719.70 | 906.49 |
| Work in progress | 596.01 | 550.58 |
| | <u>1,315.71</u> | <u>1,457.07</u> |
| Inventories at the beginning of the year | | |
| Finished goods | 906.49 | 910.77 |
| Work in progress | 550.58 | 677.03 |
| | <u>1,457.07</u> | <u>1,587.80</u> |
| | <u>141.36</u> | <u>130.73</u> |
| Details of inventory | | |
| Finished goods | | |
| Tablets | 330.37 | 410.60 |
| Capsules | 128.99 | 124.50 |
| Pre formulation ingredients | 251.97 | 364.02 |
| Others | 8.37 | 7.37 |
| | <u>719.70</u> | <u>906.49</u> |
| Work in progress | | |
| Tablets | 190.00 | 331.64 |
| Capsules | 123.58 | 56.96 |
| Pre formulation ingredients | 271.53 | 159.43 |
| Others | 10.90 | 2.55 |
| | <u>596.01</u> | <u>550.58</u> |
| 23. Employee benefits expense | Year ended 31-03-2017 | Year ended 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Salaries, wages and bonus | 3,072.75 | 2,850.67 |
| Contribution to provident and other funds | 106.04 | 89.41 |
| Gratuity expense (refer note 29(a)) | 55.25 | 41.60 |
| Staff welfare expenses | 98.74 | 88.33 |
| | <u>3,332.78</u> | <u>3,070.01</u> |
| 24. Finance costs | Year ended 31-03-2017 | Year ended 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Interest | | |
| Banks | 920.27 | 1,049.61 |
| Others | 35.66 | 33.98 |
| Net (gain)/loss on foreign currency transactions and translation | (65.24) | 198.90 |
| Other borrowing costs | 36.36 | 70.45 |
| Interest on delayed payment of income tax | 39.98 | 12.38 |
| | <u>967.03</u> | <u>1,365.32</u> |
| 25. Depreciation and amortisation expenses | Year ended 31-03-2017 | Year ended 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Depreciation on tangible assets (refer note10) | 853.58 | 829.25 |
| Amortisation of intangible assets (refer note10) | 46.99 | 46.44 |
| | <u>900.57</u> | <u>875.69</u> |



Zim Laboratories Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

26. Other Expenses

| | Year ended 31-03-2017 | Year ended 31-03-2016 |
|--|--------------------------|--------------------------|
| | Rs. lacs | Rs. lacs |
| Consumption of stores and spares | 34.43 | 65.00 |
| Power and fuel | 521.90 | 628.45 |
| Water charges | 12.63 | 11.74 |
| Insurance | 11.83 | 22.00 |
| Increase/(decrease) of excise duty on inventory | (8.53) | 24.00 |
| Repairs and maintenance | | |
| Machines | 232.42 | 203.07 |
| Buildings | 52.39 | 72.05 |
| Others | 76.01 | 78.52 |
| Printing & stationery | 38.12 | 38.75 |
| Communication costs | 34.37 | 32.63 |
| Legal and professional fees | 561.21 | 365.05 |
| Payment to auditors (Refer details below) | 33.89 | 30.00 |
| Advertisement & sales promotion | 102.52 | 142.49 |
| Travelling and conveyance | 264.71 | 214.78 |
| Commission on sales | 1,721.14 | 1,560.55 |
| Freight and forwarding charges | 429.54 | 500.73 |
| Bad debts/ advances written off | 130.28 | 41.33 |
| Rates and taxes | 74.23 | 146.96 |
| Fixed Assets Written off | 10.69 | 24.75 |
| Loss on sale of fixed assets (net) | 22.02 | 60.04 |
| Rent | 6.00 | 6.00 |
| Premium on forward exchange contract amortised | 2.18 | 4.03 |
| Laboratories Expenses | 380.56 | 306.14 |
| Corporate social responsibility expenses (refer note 43) | 5.00 | 4.00 |
| Miscellaneous expenses | 298.50 | 525.85 |
| | 5,048.04 | 5,108.91 |

Payment to auditor

| | Year ended 31-03-2017 | Year ended 31-03-2016 |
|-------------------------------------|--------------------------|--------------------------|
| | Rs. lacs | Rs. lacs |
| As auditor: | | |
| Audit fee | 32.00 | 30.00 |
| In other capacity: | | |
| Other services (certification fees) | 1.40 | - |
| Reimbursement of expenses | 0.49 | - |
| | 33.89 | 30.00 |

27. Exceptional Items

| | Year ended 31-03-2017 | Year ended 31-03-2016 |
|---------------------------------------|--------------------------|--------------------------|
| | Rs. lacs | Rs. lacs |
| Provision for doubtful debts (net) | - | 398.98 |
| Provision for doubtful advances (net) | - | 134.05 |
| | - | 533.03 |

28. Earnings per share (EPS)

| | Year ended 31-03-2017 | Year ended 31-03-2016 |
|---|--------------------------|--------------------------|
| | Rs. lacs | Rs. lacs |
| Total operations for the year | | |
| Profit after tax | 1,859.89 | 514.55 |
| Net profit for calculation of basic and diluted EPS | 1,859.89 | 514.55 |
| Weighted average number of equity shares in calculating basic EPS | 8,021,761 | 7,998,520 |
| Weighted average number of equity shares in calculating diluted EPS | 8,106,401 | 8,111,388 |
| Basic Earning Per Share (Rs.) | 23.19 | 6.43 |
| Diluted Earning Per Share (Rs.) | 22.94 | 6.34 |



Zim Laboratories Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

29. Employee Benefit - General Description of Defined Benefit Plan**a - Gratuity**

Under the gratuity plan, every employee is entitled to the benefit equivalent to fifteen days salary (as per last drawn salary) for each completed year of service or part thereof in excess of six months depending on the date of joining and eligibility terms, in terms of provisions of the Payment of Gratuity Act, 1972. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. Liabilities for such benefits are provided on the basis of valuation, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by an independent actuary for measuring the liability is the Projected Unit Credit method. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, the fund status and amounts recognised in the Balance Sheet respectively.

I. Expenses recognised in Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost:

| | Gratuity | |
|--------------------------------------|--------------------------|--------------------------|
| | Year ended 31-03-2017 | Year ended 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Current service cost | 20.97 | 16.75 |
| Interest cost on benefit obligation | 15.52 | 11.88 |
| Expected return on plan assets | (13.82) | (9.63) |
| Net actuarial(gain)/loss in the year | 32.58 | 22.60 |
| Net benefit expenses | 55.25 | 41.60 |

II. Actual return on plan assets

14.94 10.55

III. Amount recognised in Balance sheet

Benefit asset/liability

| | Gratuity | |
|---|---------------------|---------------------|
| | As at 31-03-2017 | As at 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Present value of defined benefit obligation | 262.68 | 198.00 |
| Fair value of plan assets | 241.79 | 176.24 |
| Net Plan (asset) / liability recognised in Balance sheet | 20.89 | 21.76 |

IV. Changes in the present value of the defined benefit obligation are as follows:

| | Gratuity | |
|---------------------------------------|--------------------------|--------------------------|
| | Year ended 31-03-2017 | Year ended 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Opening defined benefit obligation | 198.00 | 147.72 |
| Current service cost | 20.97 | 16.75 |
| Interest cost | 15.52 | 11.88 |
| Benefit paid | (4.10) | (0.86) |
| Actuarial(gains)/losses on obligation | 32.29 | 22.51 |
| | 262.68 | 198.00 |

V. Changes in the fair value of the plan assets are as follows:

| | Gratuity | |
|-----------------------------------|--------------------------|--------------------------|
| | Year ended 31-03-2017 | Year ended 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Opening fair value of plan assets | 176.24 | 119.76 |
| Expected return | 13.82 | 9.63 |
| Contribution by employer | 52.30 | 46.94 |
| Benefit paid | (0.28) | - |
| Actuarial gain/(losses) | (0.29) | (0.09) |
| Closing fair value of plan assets | 241.79 | 176.24 |

The Company expects to contribute Rs. 51.53 lacs to gratuity in the next year (31 March 2016: 42.73 lacs).

VI. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| | As at 31-03-2017 | As at 31-03-2016 |
|--|---------------------|---------------------|
| | Rs. lacs | Rs. lacs |
| Investments with insurer (Insurer managed funds) | 100% | 100% |



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VII. The principal assumption used in determining gratuity benefit obligation for the Company's plans are shown below:

| | Gratuity | |
|-----------------------------------|---|---|
| | 31-03-2017 | 31-03-2016 |
| Discount rate | 7.09% | 7.84% |
| Expected rate of return on assets | 7.09% | 7.84% |
| Salary escalation | 5.00% | 5.00% |
| Attrition rate | 12.00% | 14.64% |
| Mortality | Indian assured lives mortality (2006-08) ultimate | Indian assured lives mortality (2006-08) ultimate |
| Retirement age (years) | 60 & 65 | 60 & 65 |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

VIII. Amounts for the current and previous four periods are as follows:

| | 31-03-2017 | 31-03-2016 | 31-03-2015 | 31-03-2014 | 31-03-2013 |
|--|------------|------------|------------|------------|------------|
| | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs |
| Gratuity | | | | | |
| Defined benefit obligation | 262.68 | 198.00 | 147.72 | 125.54 | 87.23 |
| Plan assets | 241.79 | 176.24 | 119.76 | 88.25 | 60.65 |
| Surplus/(Deficit) | (20.89) | (21.76) | (27.96) | (37.29) | (26.58) |
| Experience adjustments on plan liabilities | 26.00 | 20.06 | (4.71) | 29.57 | 2.49 |
| Experience adjustments on plan assets | (0.29) | (0.09) | 1.45 | 0.09 | 1.69 |

b - Leave Entitlement

The obligation for compensated absences is recognised in the same manner as gratuity and net charge to the Statement of Profit and Loss for the year is Rs 30.96 lacs (31 March 2016: Rs 33.41 lacs).

30. Operating leases

Where Company is the lessee :

Future minimum rentals payable under non-cancellable operating leases are as follows:

| | As at 31-03-2017 | As at 31-03-2016 |
|--|---------------------|---------------------|
| | Rs. lacs | Rs. lacs |
| Within one year | 6.60 | 6.60 |
| After one year but not more than five year | 21.67 | 28.27 |
| More than five years | - | - |

The Company has entered into operating lease agreement for apremises. The lease term is 5 years with lease rent of Rs. 6 lacs p.a. (31st March 2016 Rs. 6 lacs p.a.),renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases. There is escalation clause in the lease agreement. There are no subleases.

31. Research and development expenditure

| | Year ended 31-03-2017 | Year ended 31-03-2016 |
|---|--------------------------|--------------------------|
| | Rs. lacs | Rs. lacs |
| Revenue expenditure charged to Statement of Profit and Loss (under notes 20, 23, 25 and 26) | 813.80 | 572.06 |
| Capital Expenditure | 136.53 | 221.39 |
| | 950.33 | 793.45 |

32A. Capital and other commitments

| | As at 31-03-2017 | As at 31-03-2016 |
|--|---------------------|---------------------|
| | Rs. lacs | Rs. lacs |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 282.12 | 0.75 |
| Commitment relating to lease arrangements (Also refer note 30) | 28.27 | 34.87 |



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Zim Laboratories Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

32B. Contingent liabilities

| Particulars | As at 31-03-2017 | As at 31-03-2016 |
|--|---------------------|---------------------|
| | Rs. lacs | Rs. lacs |
| Claims against Company not acknowledged as debt in respect of: | | |
| Sales tax | - | 21.33 |
| Service tax | 254.32 | 5.76 |
| Income tax | 277.04 | 322.23 |
| Gram Panchayat Tax | 6.69 | 4.41 |
| Labour claims | 15.00 | 15.00 |
| Export obligation-Advance License | 1.26 | 19.82 |
| Total | 554.31 | 388.55 |

33. Derivative instruments and unhedged foreign currency exposure

| | As at 31-03-2017 | As at 31-03-2016 |
|--|---------------------|---------------------|
| | Rs. lacs | Rs. lacs |
| (a) Derivatives outstanding as at the reporting date | 241.60 | 177.53 |

Particulars

Purpose

Forward contract to sell
US \$ 0.24 lacs (31 March, 2016 : US \$ 2.68 lacs)

Hedge against highly probable foreign
currency sales

Forward contract to buy
US \$ 3.49 lacs (31 March, 2016 : Nil)

Hedge against highly probable foreign
currency purchases and foreign currency
borrowings

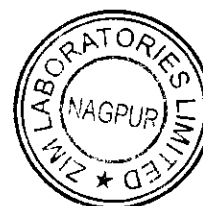
Interest rate swap
US \$ 24.92 lacs (31 March, 2016 : US \$ 26.17 lacs)

Hedge against exposure to variable interest
on loan. Swap to pay fixed interest @7.8%
p.a. and receive a variable interest @
LIBOR on the outstanding amount.

Above derivative contracts/arrangement are entered against underlying transactions and are
non-speculative in nature

(b) Particulars of unhedged foreign currency exposure as at the reporting date

| Particulars | As at 31-03-2017 | | As at 31-03-2016 | |
|--------------------------------|---|--|--|--|
| | Amount in Foreign Currency (Lacs) | Amount in Local Currency (Lacs) | Amount in Foreign Currency (Lacs) | Amount in Local Currency (Lacs) |
| Balance in EEFC Account - USD | - | - | 0.69 | 45.89 |
| Trade receivables | | | | |
| USD | 49.28 | 3,195.89 | 37.14 | 2,460.88 |
| EURO | 0.19 | 12.99 | 0.27 | 20.58 |
| Advance received from customer | | | | |
| USD | 4.00 | 262.43 | 1.12 | 72.53 |
| EURO | 0.26 | 18.22 | 0.61 | 46.13 |
| Trade payables | | | | |
| USD | 0.13 | 8.43 | 4.87 | 322.48 |
| EURO | 0.11 | 7.45 | - | - |
| Borrowings (USD) | 43.35 | 2,811.07 | 53.03 | 3,513.36 |
| PCFC(USD) | 7.72 | 500.79 | 6.52 | 432.28 |
| Buyer's Credit (USD) | 3.42 | 221.47 | 3.29 | 217.99 |
| Export Commission | | | | |
| USD | 20.31 | 1,317.38 | 13.20 | 874.37 |
| EURO | 0.21 | 14.89 | 0.21 | 15.72 |



Zim Laboratories Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

34. Employees Stock Option Scheme

The Company has implemented Employee Stock Option Scheme for the key employees of the Company. All the options issued by the Company are equity share based options which have to be settled in equity shares only. The shares to be allotted to employees under the 'ZIM LABORATORIES LIMITED' Employee Stock Option Scheme (the 'ESOP scheme') will be met through fresh issue of equity shares by the Company. The Board at its meeting held on 19 March 2015 approved 1,22,449 shares for subsequent issue to eligible employees under the ESOP scheme.

i. The position of the Employee Stock Option Scheme (ESOS) of the Company as at 31 March 2017 is as under:

| S.No. | Particulars | ESOS |
|-------|--|---|
| 1 | Details of approval | Resolution passed by Nomination & Remuneration committee at its meeting dated 16 May 2015 and the shareholders, in the Extra ordinary General Meeting held on 27 May 2015 had approved the grant of 1,22,449 employee stock options in accordance with the ESOP Scheme, equivalent to 1.53% of the issued and paid up share capital of the Company as at 31 March 2015. |
| 2 | Total number of stock options approved | 1,22,449 |
| 3 | Vesting schedule | 25% of granted options to each of the employees shall vest on 1 June 2016, 1 June 2017, 1 June 2018 and 1 June 2019 respectively. |
| 4 | Maximum term of Options granted (years) | 5 |
| 5 | Source of shares (Primary, Secondary or combination) | Primary |
| 6 | Variation in terms of options | NA |
| 7 | Price per option | At Face value (i.e. Rs 10) |
| 8 | The exercise period | Exercise anytime within one year from date of vesting. |
| 9 | Vested during the year | 30,625 |
| 10 | Exercised during the year | 30,625 |

ii. Method used to account for ESOS

The guidance note on Accounting for employee share based payments (the 'Guidance Note') issued by the Institute of Chartered Accountants of India establishes financial accounting and reporting principles for employee share based payment plans. The guidance note applies to employee share based payment plans having grant date on or after 1 April 2005. Accordingly, the Company has recorded compensation cost for all grants made to its employees under the intrinsic value based method of accounting prescribed in 'Guidance Note'.

iii. Weighted average exercise price of Options granted during the year whose

| | |
|---|-----|
| Exercise price equals fair value | Nil |
| Exercise price is greater than fair value | Nil |
| Exercise price is less than fair value | Nil |

iv. Weighted average fair value of Options granted during the year whose

| | |
|---|-----|
| Exercise price equals fair value | Nil |
| Exercise price is greater than fair value | Nil |
| Exercise price is less than fair value | Nil |

v. Employee-wise details of options granted during the financial year ended 31 March 2017

i) Senior managerial personnel :

| S.No. | Name of Employees | Designation | Exercise Price per share (Rs.) | Number of Options granted during the year ended 31 March 2017 | Number of Options granted during the year ended 31 March 2016 |
|-------|--------------------|--------------------|--------------------------------|---|---|
| 1 | Mr. Niraj Dhadiwal | Executive Director | 10 | - | 50,000 |
| 2 | Mr. Prakash Sapkal | Executive Director | 10 | - | 50,000 |
| 3 | Mr. Vijay Fudke | Vice President | 10 | - | 22,449 |

ii) Employees who were granted, options of 5% or more of the total options granted during the year

| S.No. | Name of Employees | Designation | Exercise Price per share (Rs.) | Number of Options granted during the year ended 31 March 2017 | Number of Options granted during the year ended 31 March 2016 |
|-------|--------------------|--------------------|--------------------------------|---|---|
| 1 | Mr. Niraj Dhadiwal | Executive Director | 10 | - | 50,000 |
| 2 | Mr. Prakash Sapkal | Executive Director | 10 | - | 50,000 |
| 3 | Mr. Vijay Fudke | Vice President | 10 | - | 22,449 |

iii) Identified employees who were granted option, during the year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

| S.No. | Name of Employees | Designation | Exercise Price per share (Rs.) | Number of Options granted during the year |
|-------|-------------------|-------------|--------------------------------|---|
| | Nil | Nil | Nil | Nil |



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Zim Laboratories Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

VI. The movement of stock options during the year ended 31 March 2017 are summarized below:

| Particulars | Number of options |
|---|-------------------|
| Options outstanding at the beginning of the year | 1,22,449 |
| Options granted during the year | Nil |
| Options Forfeited / lapsed during the year | Nil |
| Options vested during the year | 30,625 |
| Options exercised during the year | 30,625 |
| Total number of shares arising as a result of exercise of options | 30,625 |
| Money realised by exercise of options | 3,06,250 |
| Expired during the year | Nil |
| Options outstanding at the end of the year | 91,824 |
| Options exercisable at the end of the year | Nil |

VII. The exercise price and expected remaining contractual life (comprising the vesting period and exercise period) of options outstanding as at 31 March 2017 is as follows:

| Grant Date | Number of options | Vesting Date | Exercise End Date | Exercise Price | Expected remaining contractual life |
|------------|-------------------|--------------|-------------------|----------------|-------------------------------------|
| 01-Jun-15 | 30,608 | 01-Jun-17 | 01-Jun-18 | 10 | 14 months |
| 01-Jun-15 | 30,608 | 01-Jun-18 | 01-Jun-19 | 10 | 26 months |
| 01-Jun-15 | 30,608 | 01-Jun-19 | 01-Jun-20 | 10 | 38 months |

VIII. For purposes of the proforma disclosures, the fair value of each option grant was estimated as at 31 March 2015 using the Black Scholes Option Valuation model with the following assumptions:

| Particulars | Particulars |
|----------------------------|-------------|
| 1. Risk Free Interest Rate | 7.76% |
| 2. Expected Life (year) | 3 |
| 3. Expected Volatility | 47.74% |
| 4. Dividend Yield | 0.78% |

IX. Pro forma and Earning Per Share disclosures using fair value of options granted

The stock-based compensation cost calculated as per the intrinsic value method for the period 01 April 2016 to 31 March 2017 is Rs. 45,14,287 (01 April 2015 to 31 March 2016 : Rs. 62,49,782). If the stock-based compensation cost was calculated as per the fair value method prescribed by applicable authority, the total cost to be recognised in the financial statements for the period 01 April 2016 to 31 March 2017 would be Rs. 44,79,600 (01 April 2015 to 31 March 2016 : Rs. 62,02,038). The effect of adopting the fair value method on the net income and earnings per share is presented below:

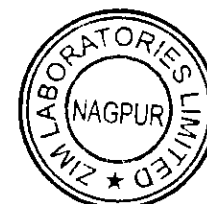
| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|--------------------------------|--------------------------------|
| Profit after taxation as per Statement of Profit and Loss | 1,859.89 | 514.55 |
| Intrinsic Value Compensation Cost | 45.14 | 62.50 |
| Fair Value Compensation Cost | 44.80 | 62.02 |
| Pro forma Income | 1,860.23 | 515.03 |
| Weighted average number of equity shares in calculating Basic EPS | 8,021,781 | 7,998,520 |
| Dilutive Number of Options | 84,840 | 112,868 |
| Weighted average number of equity shares in calculating Diluted EPS | 8,106,401 | 8,111,388 |
| Basic | | |
| Earnings Per Share- as reported | 23.19 | 6.43 |
| Earnings Per Share- as adjusted | 23.19 | 6.44 |
| Diluted | | |
| Earnings Per Share- as reported | 22.94 | 6.34 |
| Earnings Per Share- as adjusted | 22.95 | 6.35 |

35. Segment Information

The operations of the Company represent a single primary business segment relating to pharmaceuticals. Secondary segment reporting is performed on the basis of location of the customers. Entire property, plant and equipments of the Company are situated in India.

Geographical segment:

| Particulars | 31-03-2017 | | | 31-03-2016 | | |
|-----------------------------------|------------|---------------|-----------|------------|---------------|-----------|
| | In India | Outside India | Total | In India | Outside India | Total |
| Revenue from operations | 9,991.14 | 13,510.17 | 23,501.31 | 14,138.11 | 12,689.90 | 26,828.01 |
| Carrying amount of segment assets | 21,426.02 | 3,516.81 | 24,942.83 | 22,011.82 | 3,159.35 | 25,171.17 |
| Capital expenditure for the year | 514.47 | 129.35 | 643.82 | 1,259.34 | - | 1,259.34 |
| - Tangible | 513.91 | - | 513.91 | 1,257.56 | - | 1,257.56 |
| - Intangible | 0.56 | 129.35 | 129.91 | 1.78 | - | 1.78 |



Zim Laboratories Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

36. Related party disclosures**(A) Name of related parties where control exists:**

Zim Laboratories FZE, UAE Wholly Owned Subsidiary Company

(B) Others - With whom transactions have taken place during the year**Key Management Personnel:**

| | |
|--------------------|--------------------|
| Mr. Anwar S. Daud | Managing Director |
| Mr. Zulfikar Kamal | Executive Director |
| Mr. Riaz A. Kamal | Executive Director |
| Mr. Niraj Dhadiwal | Executive Director |
| Mr. Prakash Sapkal | Executive Director |

| Nature of transactions | 31-03-2017 | 31-03-2016 |
|---|-------------------|-------------------|
| | Rs. lacs | Rs. lacs |
| 1) Remuneration | | |
| Mr. Anwar S. Daud | 80.00 | 78.00 |
| Mr. Riaz A. Kamal | 20.00 | 17.55 |
| Mr. Zulfikar Kamal | 46.00 | 36.00 |
| Mr. Niraj Dhadiwal | 35.50 | 23.00 |
| Mr. Prakash Sapkal | 34.50 | 22.85 |
| 2) Rent paid | | |
| Mr. Anwar S. Daud | 6.00 | 6.00 |
| The remuneration to Key management personnel does not include provision for gratuity, leave benefits & ESOS | | |
| 3) Share Application Money received, shares were allotted during the year under ESOS | | |
| Mr. Niraj Dhadiwal | 1.25 | - |
| Mr. Prakash Sapkal | 1.25 | - |
| 4) Dividend Paid | | |
| Mr. Anwar S. Daud | 22.23 | - |
| Mr. Riaz A. Kamal | 1.99 | - |
| Mr. Zulfikar Kamal | 0.13 | - |
| Mr. Niraj Dhadiwal | 0.13 | - |
| Mr. Prakash Sapkal | 0.02 | - |
| Balances outstanding at year end | 31-03-2017 | 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Advances to Key Managerial Personnel | | |
| Mr. Anwar S. Daud | 11.86 | 14.28 |
| Payable to Key Managerial Personnel | | |
| Mr. Anwar S. Daud | 14.11 | 12.72 |
| Mr. Zulfikar Kamal | 4.76 | 4.40 |
| Mr. Riaz A. Kamal | 1.87 | 1.42 |
| Mr. Niraj Dhadiwal | 3.62 | 2.97 |
| Mr. Prakash Sapkal | 3.75 | 3.26 |
| Trade Payable | | |
| Mr. Anwar S. Daud | 1.80 | 1.78 |

Indian rupee loans, foreign currency loan and short term borrowings from banks are guaranteed by the personal guarantee of the managing director of the Company (refer notes 5 & 6).

37. Details of dues to micro and small enterprises

| | 31-03-2017 | 31-03-2016 |
|---|------------|------------|
| | Rs. lacs | Rs. lacs |
| a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| - Principal amount due to micro and small enterprises | - | - |
| - Interest due on above | - | - |
| b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006. | - | - |

*The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

38. Value of imports calculated on CIF Basis

| | 31-03-2017 | 31-03-2016 |
|----------------------------|------------|------------|
| | Rs. lacs | Rs. lacs |
| Raw materials | 1,439.58 | 1,079.46 |
| Components and spare parts | 2.68 | 14.31 |
| Capital goods | 95.26 | 240.99 |

39. Expenditure in foreign currency (accrual Basis)

| | 31-03-2017 | 31-03-2016 |
|----------------------------------|-----------------|-----------------|
| | Rs. lacs | Rs. lacs |
| Commission on export sales (net) | 1,286.23 | 1,212.26 |
| Interest | 220.90 | 229.91 |
| Travelling & conveyance | 29.17 | 15.46 |
| Sales promotion | 46.49 | 76.13 |
| Other expenses | 97.00 | 82.19 |
| | 1,679.79 | 1,615.95 |



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Zim Laboratories Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

40. Imported and indigenous raw materials, components and stores & spare parts consumed

| | % of total consumption | Value | % of total consumption | Value |
|----------------------------------|---------------------------|-----------------|---------------------------|------------------|
| | 31-03-2017 | 31-03-2017 | 31-03-2016 | 31-03-2016 |
| | | Rs. lacs | | Rs. lacs |
| Cost of materials consumed | | | | |
| Imported | 16% | 1,537.97 | 7% | 1,015.10 |
| Indigenous | 84% | 7,802.39 | 93% | 13,289.44 |
| | 100% | 9,340.36 | 100% | 14,304.54 |
| Consumption of stores and spares | | | | |
| Imported | 8% | 2.68 | 22% | 14.31 |
| Indigenous | 92% | 31.75 | 78% | 50.69 |
| | 100% | 34.43 | 100% | 65.00 |

41. Net dividend remitted in foreign exchange

| Year of remittance(ended on) Periods to which it relates | 31-03-2017 | 31-03-2016 |
|---|----------------------------------|------------|
| | 1 April 2015 to 31 March 2016 | - |
| Number of non- resident shareholders | 50 | - |
| Number of equity shares held on which dividend was due | 2,071,520 | - |
| Amount remitted (in USD) | - | - |
| Amount remitted (in INR) | 1,782,852 | - |

42. Earnings in foreign currency (accrual basis)

| | 31-03-2017 | 31-03-2016 |
|-------------------------|------------------|------------------|
| | Rs. lacs | Rs. lacs |
| Exports at F.O.B. value | 12,311.20 | 10,346.98 |
| Sale of Dossiers | 8.71 | - |
| | 12,319.91 | 10,346.98 |

43. Contribution towards Corporate Social Responsibility (CSR)

Section 135 of the Companies Act, 2013 and Rules made thereunder prescribe that every Company having a net worth of Rs. 500 crore or more, or turnover of Rs. 1,000 crore or more or a net profit of Rs. 5 crore or more during any financial year shall ensure that the company spends, in every financial year, at least 2% of the average net profits earned during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The provisions pertaining to corporate social responsibility as prescribed under the Companies Act, 2013 are applicable to ZIM Laboratories Limited. The financial details as sought by the Companies Act, 2013 are as follows:

| | 31-03-2017 | 31-03-2016 |
|---|------------|------------|
| | Rs. lacs | Rs. lacs |
| Average net profit of the Company for last three financial years | (255.11) | 65.98 |
| Prescribed CSR expenditure (2% of the average net profit as computed above) | - | 1.32 |
| Total amount to be spent for the financial year | - | 1.32 |
| Amount spent | 5.00 | 4.00 |
| Amount unspent | - | - |

44. Disclosure on specified bank notes (SBNs)

During the year, the Company had SBNs/ other denomination notes (other notes) as defined in the MCA notification G.S.R. 308 (E) dated 31 March 2017. The denomination wise details of the SBNs and other notes held and transacted during the period from 8 November 2016 to 30 December 2016 is given below:

| Particulars | Rs. lacs | | Total |
|---------------------------------------|----------|--------------------------|-------|
| | SBNs* | Other denomination notes | |
| Closing cash in hand as on 08-11-2016 | 0.67 | 0.01 | 0.68 |
| Add : Permitted receipts** | 0.16 | 6.40 | 6.56 |
| Less : Permitted payments | - | 4.83 | 4.83 |
| Less : Amount deposited in Banks | 0.83 | 1.07 | 1.90 |
| Closing cash in hand as on 30-12-2016 | - | 0.51 | 0.51 |

* The term 'Specified Bank Notes' shall have the same meaning as provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 08, 2016.

** Amount received from employees towards Imprest/ Advances/ Claimes settled.

45. The Board of Directors at its meeting held on 11 August 2017 have recommended final dividend of Re 1 per equity share. The recommended dividend is subject to share-holder approval.
46. Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date

For **Walker Chandlok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

For and on behalf of the board of directors of
Zim Laboratories Limited

per **Adi P. Sethna**
Partner
Membership No.: 108840

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director & CFO
DIN: 01786763

Place: Nagpur
Date: 11 August 2017

Place: Nagpur
Date: 11 August 2017

R.A. Parasuraman
Company Secretary



Independent Auditor's Report

To the Members of Zim Laboratories Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Zim Laboratories Limited ('the Holding Company') and its foreign subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors and the management of the subsidiary included in the Group, are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms of the provisions of the Act, the Board of Directors of Holding Company and management of subsidiary are responsible for maintenance of adequate accounting records for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.



Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in paragraph 9 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of the subsidiary as noted below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2017, their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

9. We did not audit the financial statements of one subsidiary included in the consolidated financial statements, whose financial statements reflect total assets of Rs. 3.89 lacs and net assets of Rs. (8.74) lacs as at 31 March 2017, total revenue of Rs. Nil and net cash outflows amounting to Rs. 0.60 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.



Further, the above mentioned subsidiary is located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in its respective country and which have been audited by other auditors under generally accepted auditing standards applicable in its respective country. The Holding Company's management has converted the financial statements of the subsidiary located outside India from accounting principles generally accepted in its respective country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matter with respect to our reliance on the work done by and the report of the other auditors.

Report on Other Legal and Regulatory Requirements

10. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company are disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 32B to the consolidated financial statements;
 - (ii) the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;



- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2017;
- (iv) These consolidated financial statements have made requisite disclosures as to holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 by the Holding Company. Based on the audit procedures performed, in our opinion, these disclosures are in accordance with the books of account maintained by the Holding Company.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Adi P. Sethna**
Partner
Membership No.: 108840

Place : Nagpur
Date : 11 August 2017



Annexure A to the Independent Auditor's Report of even date to the members of Zim Laboratories Limited, on the consolidated financial statements for the year ended 31 March 2017

Annexure A

Independent Auditor's report on the Internal Financial Controls under Clause (l) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the consolidated financial statements of Zim Laboratories Limited ("the Holding Company") and its foreign subsidiary, (the Holding Company and its subsidiary together referred to as "the Group"), as at and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Board of Directors of the Holding Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (The ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of the Company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note, issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Annexure A to the Independent Auditor's Report of even date to the members of Zim Laboratories Limited, on the consolidated financial statements for the year ended 31 March 2017

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

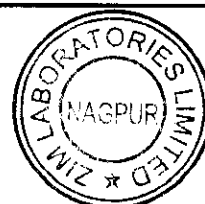
Opinion

8. In our opinion, the Holding Company have in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Adi P. Sethna**
Partner
Membership No.: 108840

Place: Nagpur
Date: 11 August 2017



33rd Annual Report 2016-2017

Zim Laboratories Limited Consolidated Balance Sheet as at 31 March 2017

| | Notes | As at 31-03-2017 Rs. lacs | As at 31-03-2016 Rs. lacs |
|--|-------|------------------------------|------------------------------|
| Equity and liabilities | | | |
| Shareholder's funds | | | |
| Share capital | 3 | 802.91 | 799.85 |
| Reserves and surplus | 4 | 10,993.60 | 9,096.39 |
| | | 11,796.51 | 9,896.24 |
| Non-current liabilities | | | |
| Long-term borrowings | 5 | 2,788.70 | 3,475.11 |
| | | 2,788.70 | 3,475.11 |
| Current liabilities | | | |
| Short-term borrowings | 6 | 4,668.91 | 5,629.99 |
| Trade payables | | | |
| Outstanding dues to micro and small enterprises | 7 | - | - |
| Outstanding dues to other than micro and small enterprises | 7 | 4,504.90 | 4,696.51 |
| Other current liabilities | 8 | 1,866.43 | 1,670.55 |
| Short-term provisions | 9 | 313.84 | 247.25 |
| | | 11,355.08 | 12,244.30 |
| Total | | 25,940.29 | 25,615.65 |
| Assets | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets (property, plant and equipments) | 10 | 8,734.72 | 9,064.95 |
| Intangible assets | 10 | 125.54 | 154.31 |
| Capital work-in-progress | | 270.75 | 293.25 |
| Intangible assets under development | | 111.69 | - |
| Non-current investments | 11 | 5.15 | 5.10 |
| Deferred tax assets (net) | 12 | 485.47 | - |
| Long-term loans and advances | 13 | 728.36 | 638.83 |
| Other non current assets | 17 | 15.59 | 45.64 |
| | | 10,477.27 | 10,202.08 |
| Current assets | | | |
| Inventories | 14 | 3,546.52 | 3,771.89 |
| Trade receivables | 15 | 8,867.15 | 8,853.13 |
| Cash and bank balances | 16 | 561.25 | 639.40 |
| Short-term loans and advances | 13 | 2,473.13 | 2,088.89 |
| Other current assets | 17 | 14.97 | 60.26 |
| | | 15,463.02 | 15,413.57 |
| Total | | 25,940.29 | 25,615.65 |

Summary of significant accounting policies 2.1
The accompanying notes are an integral part of financial statements.

This is the Consolidated Balance Sheet referred to in our report of even date

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

For and on behalf of the board of directors of
Zim Laboratories Limited

per **Adi P. Sethna**
Partner
Membership No.: 108840

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director & CFO
DIN: 01786763

Place: Nagpur
Date: 11 August 2017

Place: Nagpur
Date: 11 August 2017

R.A. Parasuraman
Company Secretary



33rd Annual Report 2016-2017

Zim Laboratories Limited Consolidated Statement of Profit and Loss for the year ended 31 March 2017

| | Notes | Year ended 31-03-2017 | Year ended 31-03-2016 |
|---|-------|--------------------------|--------------------------|
| | | Rs. lacs | Rs. lacs |
| Income | | | |
| Revenue from operations (gross) | 18 | 24,095.91 | 27,664.01 |
| Less: Excise duty | | 594.60 | 812.71 |
| Revenue from operations (net) | | 23,501.31 | 26,851.30 |
| Other income | 19 | 483.81 | 390.77 |
| Total revenue | | 23,985.12 | 27,242.07 |
| Expenses | | | |
| Cost of materials consumed | 20 | 9,340.36 | 14,304.54 |
| Purchase of stock in trade | 21 | 2,515.11 | 1,312.90 |
| Changes in inventories of finished goods and work-in-progress | 22 | 141.36 | 130.73 |
| Employee benefits expense | 23 | 3,332.78 | 3,070.01 |
| Finance costs | 24 | 967.03 | 1,365.32 |
| Depreciation and amortisation expense | 25 | 900.57 | 875.69 |
| Other expenses | 26 | 5,056.11 | 5,113.62 |
| Total expenses | | 22,253.32 | 26,172.81 |
| Profit before exceptional items and tax | | 1,731.80 | 1,069.26 |
| Exceptional items | 27 | - | (533.03) |
| Profit before tax | | 1,731.80 | 536.23 |
| Tax (expense)/credit | | | |
| Current Tax | | (419.03) | (231.18) |
| Tax adjustments pertaining to earlier years | | 53.58 | 33.90 |
| Minimum alternative tax credit entitlement | | - | 170.80 |
| Deferred Tax | | 485.47 | - |
| Total tax (expense)/credit (net) | | 120.02 | (26.48) |
| Profit for the year | | 1,851.82 | 509.75 |
| Earnings per share (nominal value of share Rs. 10) | | | |
| (31 March 2016: Rs. 10) | 28 | | |
| Basic (In Rs.) | | 23.08 | 6.37 |
| Diluted (In Rs.) | | 22.84 | 6.28 |
| Summary of significant accounting policies | 2.1 | | |

The accompanying notes are an integral part of financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date

For **Walker Chandlok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

For and on behalf of the board of directors of
Zim Laboratories Limited

per **Adi P. Sethna**
Partner
Membership No.: 108840

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiqar M. Kamal
Director & CFO
DIN: 01786763

Place: Nagpur
Date: 11 August 2017

Place: Nagpur
Date: 11 August 2017

R.A. Parasuraman
Company Secretary



33rd Annual Report 2016-2017

Zim Laboratories Limited

Consolidated cash flow statement for the year ended 31 March 2017

| | Year ended 31-03-2017 | Year ended 31-03-2016 |
|---|--------------------------|--------------------------|
| | Rs. lacs | Rs. lacs |
| Cash flow from operating activities | | |
| Profit before tax | 1,731.80 | 536.23 |
| Depreciation and amortisation expense | 900.57 | 875.69 |
| Loss on sale of fixed assets (net) | 22.02 | 60.04 |
| Fixed Assets Written off | 10.69 | 24.75 |
| Unrealized Foreign Exchange (Gain)/Loss | 38.69 | (18.70) |
| Premium on forward exchange contract amortised | 2.18 | 4.03 |
| Provision for doubtful debts (net) (Exceptional item) | - | 398.98 |
| Provision for doubtful advances (net) (Exceptional item) | - | 134.05 |
| Provision for employee benefits | (6.85) | 3.85 |
| Dividend income on investments | (0.60) | (0.60) |
| Interest income | (45.70) | (45.83) |
| Bad debts Written off | 130.28 | 41.33 |
| Employee compensation cost (ESOP costs) | 45.14 | 62.50 |
| Finance costs | 967.03 | 1,365.32 |
| Operating profit before working capital changes | 3,785.25 | 3,440.84 |
| Movement in working capital : | | |
| Increase/(decrease) in trade payables | (181.54) | (1,713.60) |
| Increase/(decrease) in other current liabilities | 147.49 | (87.42) |
| Increase/(decrease) in short-term provisions | (8.85) | (4.07) |
| (Increase)/ decrease in long term loans and advances | 36.02 | (106.12) |
| (Increase)/decrease in inventories | 225.37 | 838.01 |
| (Increase)/decrease in trade receivables | (202.59) | (1,160.21) |
| (Increase)/decrease in short term loans and advances | (347.63) | 1,103.23 |
| (Increase)/decrease in other current assets | (9.39) | (2.01) |
| Net Cash generated from operations | 3,456.13 | 2,308.45 |
| Direct taxes paid (net of refunds) | (248.63) | (114.16) |
| Net cash flow from operating activities (A) | 3,207.50 | 2,194.29 |
| Cash flows from investing activities | | |
| Purchase of fixed assets (including capital advances) | (887.53) | (1,315.67) |
| Proceeds from sale of fixed assets | 35.45 | 4.51 |
| (Purchase) of non-current investment | (0.05) | - |
| Investments in bank deposits (having original maturity of more than three months) | (239.43) | (307.20) |
| Maturity of bank deposits (having original maturity of more than three months) | 323.08 | 388.39 |
| Interest received | 43.09 | 45.96 |
| Dividend received | 0.60 | 0.60 |
| Net cash (used in) investing activities (B) | (724.79) | (1,173.41) |
| Cash flows from financing activities | | |
| Proceeds from issue of equity shares | 3.08 | - |
| Proceeds from long term borrowings | 15.00 | 10.00 |
| (Repayment) of long term borrowings | (498.60) | (387.37) |
| Proceeds from short term borrowings | - | 1,372.94 |
| (Repayment) of short term borrowings | (950.16) | (870.73) |
| Finance costs paid | (995.23) | (1,158.98) |
| Dividend paid on equity shares | (72.52) | - |
| Tax on equity dividend paid | (16.28) | (0.67) |
| Net cash (used in) financing activities (C) | (2,514.73) | (1,034.81) |
| Net (decrease) in cash and cash equivalents (A+B+C) | (32.02) | (13.93) |
| Opening cash and cash equivalents | 74.43 | 88.36 |
| Closing cash and cash equivalents | 42.41 | 74.43 |
| Components of cash and cash equivalents | 31-Mar-17 | 31-Mar-16 |
| Cash on hand | 2.98 | 8.13 |
| Balances with banks in: | | |
| - Current accounts | 39.43 | 66.30 |
| Total Cash and cash equivalents (refer note 16) | 42.41 | 74.43 |

Note:
The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard 3, "Cash Flow Statements", prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of financial statements.

This is the Consolidated Cash Flow Statement referred to in our report of even date

For **Walker Chandlok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013
per **Adi P. Sethna**
Partner
Membership No.: 108840

For and on behalf of the board of directors of
Zim Laboratories Limited

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfikar M. Kamal
Director & CFO
DIN: 01786763

Place: Nagpur
Date: 11 August 2017

Place: Nagpur
Date: 11 August 2017

R.A. Paresuraman
Company Secretary



Zim Laboratories Limited**Significant accounting policies and other explanatory information to the Consolidated Financial Statements as at and for the year ended 31 March 2017****1. Corporate Information**

Zim Laboratories Limited ('the Company') is a public limited company domiciled in India. The Company and its wholly owned subsidiary (together referred to as 'the Group') is engaged in the manufacturing of formulation drugs and pre formulation ingredients in India and marketing and selling these within and outside India.

The Company has received notice from BSE Limited (BSE) whereby Company has been provided an option to either complete the procedures for listing of its equity shares on nationwide stock exchange or provide exit to public shareholders by acquiring their equity shares at rates determined by valuer. Pursuant to receipt of such notice, the Company has initiated the procedures for listing of its equity shares on BSE.

1.1 Basis of Preparation

The financial statements of the Group have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

All assets and liabilities have been classified as current or non-current as per the normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013.

Based on the nature of business and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the operating cycle is ascertained as a period not exceeding twelve months for the purpose of current/ non-current classification of assets and liabilities.

1.2 Principle of consolidation

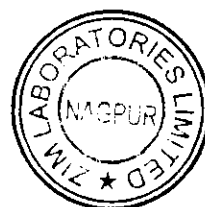
The financial statements of the subsidiary used in the consolidation are drawn on the same reporting date as that of parent Company, i.e. year ended 31 March 2017, which are drawn in accordance with Accounting Standard - 21(AS-21), "Consolidated Financial Statements".

Assets and liabilities of subsidiaries are translated into Indian rupees at the rate of exchange prevailing as at the Balance Sheet date. Revenues and expenses are translated into Indian rupees at average of twelve months currency exchange rates. Resulting variation on account of exchange rates are accumulated in a Foreign Currency Translation Reserve Account.

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the balances of like items of assets, liabilities, income and expenditure after fully eliminating the intra-group balances and intra-group transactions in accordance with AS-21.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

The Excess/Deficit of cost to the Company of its investment in the subsidiary over its portion in equity of subsidiary at the date it became a subsidiary is recognised in the financial statements as goodwill/capital Reserve.



Zim Laboratories Limited**Significant accounting policies and other explanatory information to the Consolidated Financial Statements as at and for the year ended 31 March 2017**

The subsidiary considered in the consolidated financial statement is:

| Sr. No. | Name of Subsidiary | Country of incorporation | % of Holding |
|---------|----------------------|--------------------------|--------------|
| 1 | Zim Laboratories FZE | UAE | 100% |

2 Summary of significant accounting policies**a. Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in India requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and carrying value of assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Examples of such estimates include useful life of fixed assets, provision for doubtful debts/advances, provision for inventory obsolescence, future obligation on retirement benefit plans, provision for export commission, etc.

b. Tangible fixed assets and Capital Work-in-progress

Fixed assets (property, plant and equipments) are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs (if capitalisation criteria are met) and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for their intended use are also included in the cost of the assets to the extent these relate to the period up to the date such assets are ready to be put to use.

Expenditure (including interest) incurred during the construction period is included in Capital work-in-progress and the same is allocated to respective fixed assets on completion of the construction.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

c. Depreciation on tangible fixed assets

Depreciation on fixed assets is provided under the straight line method over the useful lives of assets as prescribed under Part C of Schedule II to the Act

Cost of Leasehold land is amortised on a straight line basis over the period of lease.

d. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Expenditure incurred for obtaining regulatory approvals and registration of the products for overseas markets are considered as product marketing authorisations.

Intangible assets are amortised on a straight line basis over the estimated useful economic life, which is estimated to be five years for software and three years for product authorisations.



Zim Laboratories Limited**Significant accounting policies and other explanatory information to the Consolidated Financial Statements as at and for the year ended 31 March 2017****e. Research and development costs**

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the Group can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

During the period of development, the asset is tested for impairment annually. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight line basis over the period of expected future benefit from the related project. Amortisation is recognised in the Statement of Profit and Loss.

f. Leases

Where the company is lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

g. Borrowing costs

Borrowing cost includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

h. Impairment of tangible and intangible assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication of impairment exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset generates cash inflows that are largely dependent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated.



Zim Laboratories Limited

Significant accounting policies and other explanatory information to the Consolidated Financial Statements as at and for the year ended 31 March 2017

i. Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognised at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds

j. Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

k. Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

l. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Group collects sales taxes



Zim Laboratories Limited

Significant accounting policies and other explanatory information to the Consolidated Financial Statements as at and for the year ended 31 March 2017

and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of Profit and Loss.

Income from services

Income from service rendered is recognised based on the terms of the agreements and when services are rendered. Service income is net of service tax.

Dividend

Dividend income is recognised when the Group's right to receive dividend is established by the reporting date.

n. Foreign currency translation

Foreign currency transactions and balances

- (i) For the purpose of consolidation, the amounts appearing in foreign currencies in the Financial Statements of the foreign subsidiaries (considered as non-integral operations) are translated at the following rates of exchange:

- Average rates for income and expenditure.
- The year-end rates for all assets and liabilities.

Resulting variation on account of exchange rates are accumulated in a Foreign Currency Translation Reserve Account

- (ii) Translations within the entity:

a. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

c. Exchange differences

The Group accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:



Zim Laboratories Limited

Significant accounting policies and other explanatory information to the Consolidated Financial Statements as at and for the year ended 31 March 2017

- Exchange differences arising on settlement/ restatement of monetary items are recognised as income or as expenses in the year in which they arise. Premium or discount on forward contracts is amortised over the life of such contracts and is recognised as income or expenses.
- d. Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/ income over the life of the contract. Exchange differences on such contracts, are recognised in the Statement of Profit and Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period.

o. Retirement and other employee benefits

Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

Retirement benefit in the form of Provident Fund is a defined contribution scheme. The contributions to the Provident Fund are charged to the Statement of Profit and Loss for the year when the contributions are due. The Group has no obligation, other than the contribution payable to the Provident Fund.

The Group has only one defined benefit plan for its employees, viz., gratuity. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gain and loss for defined benefit plan is recognised in full in the period in which they occur in the Statement of Profit and Loss. The fair value of the plan assets of the Group with an insurance company is reduced from the gross obligation under the plan, to recognise the obligation on net basis.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences for which the Group has availed benefit plan with an insurance company, are recognised based on an actuarial valuation in the same manner as gratuity, including recognition of the obligation net of fair value of plan assets.

p. Taxation

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are applicable to the reporting period.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be



Zim Laboratories Limited**Significant accounting policies and other explanatory information to the Consolidated Financial Statements as at and for the year ended 31 March 2017**

realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each reporting date, the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

q. Segment reporting**Identification of segments**

The Group is operating within only one primary business segment i.e. "pharmaceutical". The analysis of geographical segments is based on the revenue generating locations. The geographical segment information of the Group is categorized under domestic sales and export sales.

Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

r. Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



Zim Laboratories Limited

Significant accounting policies and other explanatory information to the Consolidated Financial Statements as at and for the year ended 31 March 2017

s. Provisions

Provisions are recognised in the financial statements in respect of present probable obligations, for amounts which can be reliably estimated. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

t. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

u. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise unrestricted cash at bank and in hand and short-term investments with an original maturity of three months or less.



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Zim Laboratories Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

3. Share capital

| | As at 31-03-2017 | As at 31-03-2016 |
|---|------------------|------------------|
| | Rs. lacs | Rs. lacs |
| Authorised share capital | | |
| 1,10,00,000 (31 March 2016: 1,10,00,000) equity shares of Rs. 10 each | 1,100.00 | 1,100.00 |
| Issued, subscribed and fully paid-up shares | | |
| 80,29,145 (31 March 2016: 79,98,520) equity shares of Rs. 10 each fully paid up | 802.91 | 799.85 |
| Total issued, subscribed and fully paid-up share capital | 802.91 | 799.85 |

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| Equity Shares | As at 31-03-2017 | | As at 31-03-2016 | |
|--------------------------------------|------------------|---------------|------------------|---------------|
| | Number | Rs. lacs | Number | Rs. lacs |
| At the beginning of the period | 7,998,520 | 799.85 | 7,998,520 | 799.85 |
| Issued during the period | 30,625 | 3.06 | - | - |
| Outstanding at the end of the period | 8,029,145 | 802.91 | 7,998,520 | 799.85 |

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 each. Each share holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% of shareholding in Company

| Name of Shareholder | As at 31-03-2017 | | As at 31-03-2016 | |
|--|------------------|------------------------|------------------|------------------------|
| | Number | % holding in the class | Number | % holding in the class |
| AA Development Capital India Fund 1, LLC | 1,782,652 | 22.20% | 1,782,652 | 22.29% |
| Anwar Daud* | 2,222,720 | 27.68% | 2,222,720 | 27.79% |
| Zakir Vali# | 1,424,570 | 17.74% | 1,424,570 | 17.81% |

* 2,50,000 shares are jointly held with Tasneem Daud (wife of Mr. Anwar Daud).

- 50 shares are jointly held with Zia Vali and Faiz Vali

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(d) Employee Stock Option

For details of shares reserved for issue under the employee stock option plan of the Company, refer note 34

4. Reserves and surplus

| | As at 31-03-2017 | As at 31-03-2016 |
|--|------------------|------------------|
| | Rs. lacs | Rs. lacs |
| Capital reserve | 40.00 | 40.00 |
| Securities premium | | |
| Balance as per last financial statements | 4,761.16 | 4,761.16 |
| Add: Premium on shares issued during the year | 36.08 | - |
| Balance at the end of the year | 4,797.24 | 4,761.16 |
| General reserve | 106.20 | 108.20 |
| Foreign Currency Translation Reserve | | |
| Balance as per last financial statements | (0.11) | - |
| Exchange gain/(loss) during the year | 0.25 | (0.11) |
| | 0.14 | (0.11) |
| Surplus in the Statement of Profit and Loss | | |
| Balance as per last financial statements | 4,126.64 | 3,713.83 |
| Profit / (loss) for the year | 1,851.82 | 509.75 |
| Less: <u>Appropriations</u> | | |
| Proposed final equity dividend - Nil (31 March 2016 - Re. 1 per share) | - | 79.99 |
| Tax on proposed equity dividend - Nil (31 March 2016 includes adjustment of earlier years of Rs 0.67 lacs) | - | 16.95 |
| Total appropriations | - | 96.94 |
| Net surplus in the Statement of Profit and Loss | 5,978.46 | 4,126.64 |
| Employee stock options outstanding (refer note 34) | | |
| Balance as per last financial statements | 62.50 | - |
| Additions during the year | 45.14 | 62.50 |
| Less: Transfer to securities premium on exercise of stock options | 36.06 | - |
| Balance at the end of the year | 71.56 | 62.50 |
| Total reserves and surplus | 10,993.60 | 8,098.39 |



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Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

5. Long-term borrowings

| | Non-current | | Current | |
|--|------------------|------------------|------------------|------------------|
| | As at 31-03-2017 | As at 31-03-2016 | As at 31-03-2017 | As at 31-03-2016 |
| | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs |
| Secured | | | | |
| Term Loans from banks | | | | |
| - Indian rupee loan | 375.95 | 480.72 | 102.79 | 84.81 |
| - Foreign currency loan from banks/ External commercial borrowings (ECB) | 2,347.79 | 2,910.53 | 501.02 | 385.50 |
| - Vehicle Loans | 9.90 | 6.94 | 8.24 | 3.06 |
| Unsecured | | | | |
| Loan from Department of Scientific and Industrial Research (DSIR), Government of India | 26.40 | 39.60 | 13.20 | 13.20 |
| Deferred sales tax loan | 28.66 | 37.32 | 8.66 | 5.25 |
| Current maturities disclosed under the head "Other current liabilities" (refer note 8) | - | - | (633.91) | (491.83) |
| | 2,788.70 | 3,475.11 | - | - |

(a) Indian rupee loan from consortium member are secured by way of first charge on all present and future fixed assets including Land & Building, Plant & Machinery and second charge on all current assets on pari passu basis with lead banker & other members under consortium arrangement. The loans are also secured by personal guarantee of managing director. The borrowings made from a member bank of Rs 478.74 lacs (31 March 2016: Rs 565.53 lacs) are repayable in 84 equated monthly installments, commenced from April 2014, of Rs. 13.31 lacs each. The applicable interest rate on this loan is PLR less 4.5% p.a.(effective interest rate of 13.00% earlier 14.50% upto November 2016 (31 March 2016: 14.5%)).

(b) Foreign currency loan (ECB-I) of Rs 1233 Lacs (31 March 2016: 1562 Lacs) from bank carries interest rate of 3 Month LIBOR plus 5% p.a. effective rate of 6.15% (31 March 2016: 5.62%) which is repayable from May 2013 to May 2018 in half yearly installments ranging from Rs 41.89 lacs to Rs 295.90 lacs. Foreign currency loan (ECB-II) of Rs. 1615.81 lacs (31 March 2016: Rs. 1734 lacs) carries interest rate of 6 Month LIBOR plus 4.70% p.a. effective rate of 6.07% (31 March 2016: 5.59%) is repayable from November 2014 to November 2020 in half yearly instalments ranging from Rs 16.69 lacs to Rs 444.87 lacs. The Company has entered into interest rate swap for securing fixed interest liability payable in USD against ECB-II. The effective interest rate under interest rate swap is 7.80% per annum.

The loans are secured by the first charge on entire fixed assets of the Company both present & future and second charge on entire current assets of the Company on pari-passu basis with other consortium members. Loans are also secured by personal guarantee of managing director.

(c) Vehicle Loan (Loan-I) having interest rate of 9.65% is repayable from April 2016 to March 2019 in 36 equal monthly instalments of Rs 0.32 lacs each. Vehicle loan (Loan-II) having interest rate of 9.50% is repayable from June 2016 to May 2019 in 36 equal instalments of Rs 0.48 lacs each. The vehicle loans are secured against hypothecation of respective vehicles.

(d) Loan from DSIR is repayable after 36 months from the date of first sanction i.e. 18th October 2011, in five yearly equal instalments of Rs 17.16 lacs. The Company shall pay annual royalty of 26% of the amount disbursed i.e. repayment shall be 1.30 times of the amount actually disbursed by DSIR.

(e) Deferred sales tax loan pertains to interest free tax liability under the packing incentive scheme for the year 2004-05, 2005-06 and 2006-07 and is payable in 5 annual instalments having commencement from the financial year 2015-16, 2016-17 and 2017-18 respectively. The instalment amount is ranging from 0.71 lacs to Rs 3.40 lacs

6. Short term borrowings

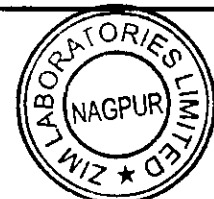
| | As at 31-03-2017 | As at 31-03-2016 |
|---|------------------|------------------|
| | Rs. lacs | Rs. lacs |
| Secured | | |
| - From Banks, repayable on demand | | |
| - Cash credit, packing credit facilities (refer note a and b) | 4,292.71 | 5,153.97 |
| - Buyer's Credit | 219.13 | 214.50 |
| From other body corporate | 158.07 | 261.52 |
| | 4,669.91 | 5,629.99 |

(a) Cash credit from banks are secured by the first charge on all current assets both present and future and second charge on all the fixed assets of the Company both present and future on pari passu basis with other consortium members. The interest rate on cash credit facility from lead banker & other banks is MCLR plus 3.60% p.a., Base rate plus 3.50% p.a. and PLR minus 4.5% p.a. respectively. The loans are secured by personal guarantee of Managing Director.

(b) Packing credit in foreign currency and post shipment credit Rs 500.79 lacs (31 March 2016 : Rs 673.69 lacs) in foreign currency from bank are secured by the first charge on all current assets both present and future and second charge on all the fixed assets of the Company both present and future on pari passu basis with other consortium members. The interest rate on packing credit and post shipment credit facility from bank is LIBOR plus 2.5% p.a. Loans are also secured by personal guarantee of managing director.

(c) The Company has availed of import financing facility under the buyer's credit scheme. The maximum repayment period is one year from the date of drawdown. Buyer's credit facility is towards import of fixed assets. Interest is charged @ LIBOR plus mark-up payable at maturity. The facility is fully secured alongwith cash credit facilities from banks.

(d) Short term loan from body corporate is secured by bank guarantee having initial repayment period of 90 Days against each purchase at rate of interest of 11.00% p.a. (earlier 12.50% upto Oct 2016 and 12.00% thereafter till December 2016).



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Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

7. Trade payables

Outstanding dues to micro and small enterprises (refer note 37)
Outstanding dues to other than micro and small enterprises
 For goods
 For expenses

| As at 31-03-2017 | As at 31-03-2016 |
|------------------|------------------|
| Rs. lacs | Rs. lacs |
| - | - |
| 2,427.63 | 3,030.29 |
| 2,077.27 | 1,666.22 |
| 4,504.90 | 4,696.51 |

8. Other current liabilities

Current maturities of long term borrowings (refer note 5)
 Interest accrued but not due on borrowings
 Payable for capital expenditure
 Advance received from customers
 Statutory dues
 Unpaid dividends#
 Overdrawn bank balances as per books
 Employee related liabilities
 Others

| As at 31-03-2017 | As at 31-03-2016 |
|------------------|------------------|
| Rs. lacs | Rs. lacs |
| 633.91 | 491.83 |
| 66.21 | 71.17 |
| 54.09 | 150.04 |
| 617.01 | 374.63 |
| 142.47 | 159.85 |
| 28.42 | 20.95 |
| 5.50 | 127.57 |
| 266.91 | 225.41 |
| 51.91 | 49.10 |
| 1,666.43 | 1,670.55 |

There is no amount due to be transferred to the investor Education and Protection Fund as at the year end.

9. Short-term provisions

Provision for employee benefits

Provision for gratuity (refer note 29 (a))
 Provision for leave entitlement

Other Provisions

Provision for income tax (net of advance tax of Rs. 125.39 lacs (31 March 2016 Rs. 120.85 lacs))
 Proposed equity dividend
 Provision for tax on proposed equity dividend

| As at 31-03-2017 | As at 31-03-2016 |
|------------------|------------------|
| Rs. lacs | Rs. lacs |
| 20.89 | 21.76 |
| - | 5.98 |
| 292.95 | 123.24 |
| - | 79.99 |
| - | 16.28 |
| 313.84 | 247.25 |



Zim Laboratories Limited
Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

| 10. Tangible and intangible assets | | (Rs. lacs) | | | | | | | | | |
|------------------------------------|-------|---|---------------------------------|---------------------|------------------------|-------------------|--------------------------|--------|-----------|----------------------------------|--------|
| | | Tangible assets (property, plant and equipment) | | | | Intangible assets | | | | | |
| | | Freehold Land (refer point 2) | Buildings (refer point 1 and 3) | Plant and Machinery | Furniture and Fixtures | Office Equipments | Vehicles (refer point 4) | Total | Software | Product marketing authorisations | Total |
| Gross | | | | | | | | | | | |
| At 1 April 2015 | 89.39 | 374.57 | 3,732.83 | 5,219.26 | 196.41 | 853.63 | 120.50 | 130.73 | 10,519.42 | 230.81 | 230.81 |
| Additions | - | 289.75 | 446.89 | 522.74 | 2.37 | 104.04 | 51.03 | 20.51 | 1,526.73 | 1.78 | 1.78 |
| Adjustment* | - | 58.11 | - | - | - | - | - | - | 55.11 | - | - |
| Disposals | - | - | - | 180.99 | - | - | - | 8.85 | 187.84 | - | - |
| At 31 March 2016 | 89.39 | 606.81 | 4,179.82 | 5,561.01 | 200.78 | 947.87 | 171.53 | 144.39 | 11,893.20 | 232.69 | 232.69 |
| Additions | - | 19.04 | 32.85 | 356.73 | 20.83 | 19.88 | 35.06 | 64.42 | 536.41 | 0.56 | 18.22 |
| Disposals | - | - | - | 14.49 | - | 37.82 | 15.52 | 11.47 | 79.10 | - | - |
| At 31 March 2017 | 89.39 | 621.65 | 4,212.47 | 5,903.25 | 221.61 | 823.73 | 181.07 | 197.34 | 12,260.51 | 233.15 | 250.81 |
| Depreciation/Amortisation | | | | | | | | | | | |
| At 1 April 2015 | - | 13.68 | 455.95 | 1,168.16 | 33.86 | 204.66 | 55.36 | 56.27 | 2,007.54 | 31.84 | 31.84 |
| Charge for the year | - | 4.66 | 152.79 | 517.30 | 21.25 | 77.97 | 36.98 | 18.32 | 829.25 | 46.44 | 46.44 |
| Adjustment* | - | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | 93.69 | - | - | - | 4.85 | 98.54 | - | - |
| At 31 March 2016 | - | 18.34 | 608.34 | 1,811.77 | 55.11 | 282.63 | 92.32 | 69.74 | 2,739.25 | 78.28 | 78.28 |
| Charge for the year | - | 6.72 | 145.62 | 540.47 | 22.38 | 76.77 | 36.19 | 23.43 | 853.58 | 46.57 | 46.99 |
| Disposals | - | - | - | 10.42 | - | 31.17 | 15.34 | 9.11 | 68.04 | - | - |
| At 31 March 2017 | - | 27.06 | 753.68 | 2,141.82 | 77.49 | 328.23 | 113.17 | 84.06 | 3,525.79 | 124.85 | 125.27 |
| Net | | | | | | | | | | | |
| At 31 March 2017 | 89.39 | 594.59 | 3,458.31 | 3,761.43 | 144.12 | 485.50 | 77.90 | 113.28 | 8,734.72 | 108.30 | 125.54 |
| At 31 March 2016 | 89.39 | 590.27 | 3,571.48 | 3,949.24 | 145.67 | 565.04 | 79.23 | 74.65 | 9,064.85 | 154.31 | 154.31 |

1 Building includes those constructed on leasehold land:

| | 31-Mar-17 | 31-Mar-16 |
|--------------------------------------|-----------|-----------|
| Gross block | 3,154.31 | 3,154.31 |
| Depreciation charged during the year | 110.45 | 118.65 |
| Accumulated depreciation | 839.31 | 528.86 |
| Net Book Value | 2,515.00 | 2,625.45 |

2 Leasehold land for which title has not transferred in the name of the Company till date.

| | 31-Mar-17 | 31-Mar-16 |
|--------------------------------------|-----------|-----------|
| Gross block | 145.86 | 435.01 |
| Depreciation charged during the year | 2.02 | 2.89 |
| Accumulated depreciation | 7.50 | 6.64 |
| Net Book Value | 138.36 | 428.17 |

Note :- The Company is in the process of getting title transferred in its name.

3 Building includes those constructed on leasehold land referred in 2 above

| | 31-Mar-17 | 31-Mar-16 |
|--------------------------------------|-----------|-----------|
| Gross block | 219.30 | 280.16 |
| Depreciation charged during the year | 7.31 | 8.10 |
| Accumulated depreciation | 23.47 | 16.93 |
| Net Book Value | 195.83 | 263.23 |

Note :- The Company is in the process of getting title transferred in its name.

4 Vehicles includes vehicles in the personal name of directors & employees having Gross Block Rs. 96.02 lacs and WDV Rs. 54.30 lacs (31st March 2016 - Gross Block Rs. 82.30 lacs and WDV Rs. 46.23 lacs)

5 * Represents assets held for sale classified under other current assets.



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Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

| 11. Non current investments (valued at cost) (Unquoted) | As at 31-03-2017 Rs. lacs | As at 31-03-2016 Rs. lacs | | |
|---|------------------------------|------------------------------|-------------------------|-------------------------|
| Trade Investments | | | | |
| Investment in equity instruments | | | | |
| 20,000 (31 March 2016: 20,000) equity shares of Rs. 25 each fully paid-up in Shanrao Vithal co-operative Bank Limited | 5.00 | 5.00 | | |
| Other Investments | | | | |
| Government securities | | | | |
| National Saving Certificate | 0.15 | 0.10 | | |
| | 5.15 | 5.10 | | |
| 12. Deferred tax assets (Net) | As at 31-03-2017 | As at 31-03-2016 | | |
| | Rs. lacs | Rs. lacs | | |
| Deferred tax liabilities | | | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for financial reporting | 1,020.55 | 950.92 | | |
| Advance payment of employee benefits | 0.80 | - | | |
| Gross deferred tax liabilities | 1,021.35 | 950.92 | | |
| Deferred tax assets# | | | | |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 87.21 | 84.51 | | |
| Provision for employee benefits | - | 9.60 | | |
| Provision for doubtful debts and advances | 1,419.61 | 1,419.62 | | |
| Gross deferred tax assets | 1,506.82 | 1,513.73 | | |
| | 485.47 | - | | |
| # Recognised based on the principles given under note 2 (p) | | | | |
| 13. Loans and advances (Unsecured, considered good unless otherwise stated) | Long-term | Short-term | | |
| | As at 31-03-2017 | As at 31-03-2016 | As at 31-03-2017 | As at 31-03-2016 |
| | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs |
| Advances recoverable in cash or kind | | | | |
| Considered good | - | - | 1,225.72 | 712.80 |
| Considered doubtful | - | - | 413.71 | 413.71 |
| | - | - | 1,639.43 | 1,126.31 |
| Less: Provision for doubtful advances | - | - | (413.71) | (413.71) |
| | - | - | 1,225.72 | 712.60 |
| Earnest Money and security deposits | 95.87 | 82.05 | 111.89 | 123.46 |
| Capital advances | 156.55 | 8.79 | - | - |
| Advances to related parties (refer note 36) | - | - | 11.86 | 14.28 |
| Leave benefits | - | - | 23.22 | - |
| Prepaid expenses | 0.39 | 2.61 | 85.61 | 61.02 |
| Loans to employees | - | - | 6.20 | 6.44 |
| Balance with statutory/government authorities | 54.10 | 101.72 | 970.02 | 1,171.09 |
| Minimum Alternative Tax credit entitlement | 421.45 | 443.66 | 36.61 | - |
| | 728.36 | 638.83 | 2,473.13 | 2,088.89 |
| Advances to related parties include: | | | Short-term | |
| | | | As at 31-03-2017 | As at 31-03-2016 |
| | | | Rs. lacs | Rs. lacs |
| Advances to Managing Director | | | 11.86 | 14.28 |
| | | | 11.86 | 14.28 |
| 14. Inventories (Valued at lower of cost and net realizable value) | | | As at 31-03-2017 | As at 31-03-2016 |
| | | | Rs. lacs | Rs. lacs |
| Raw materials and packing materials (includes in transit - Nil (31 March 2016 : Rs.184.21lacs)) | | | 2,145.04 | 2,266.19 |
| Work-in-progress | | | 596.01 | 550.58 |
| Finished goods (includes in transit - Rs. 36.51 lacs (31 March 2016 : Rs. 56.06 lacs)) | | | 719.70 | 906.49 |
| Stores and spares | | | 85.77 | 48.63 |
| | | | 3,546.52 | 3,771.89 |



Zim Laboratories Limited

Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

15. Trade receivables

| | As at 31-03-2017 | As at 31-03-2016 |
|--|-------------------|-------------------|
| | Rs. lacs | Rs. lacs |
| Outstanding for more than six months from the date they are due for payment (refer note a. below) | | |
| Considered good | 2,416.66 | 2,634.50 |
| Considered doubtful | 3,688.28 | 3,688.28 |
| Other receivables | | |
| Unsecured, considered good | 6,450.47 | 6,218.63 |
| Considered doubtful | - | - |
| | 12,555.43 | 12,541.41 |
| Less: Provision for doubtful debts | (3,688.28) | (3,688.28) |
| | 8,867.15 | 8,853.13 |

Nature of security

- a. The Company has entered into an escrow agreement with one of the shareholders, whereby his holding to the extent of 5 Lacs equity shares in the Company has been considered as security towards realisability of certain aged trade receivables. The shares held in escrow account are proposed to be liquidated to meet shortfall, if any, in recovery of the trade receivables specified. Accordingly, the final amount of recovery (security value) would depend on the shortfall in collections till agreed date and future market value of equity shares at the time of settlement. The current value of the shares has been determined by management on the basis of valuation report obtained from an independent valuer.

16. Cash and Bank Balances

| | Non-Current | | Current | |
|---|------------------|------------------|------------------|------------------|
| | As at 31-03-2017 | As at 31-03-2016 | As at 31-03-2017 | As at 31-03-2016 |
| | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs |
| Cash and cash equivalents | | | | |
| Cash on hand | - | - | 2.98 | 8.13 |
| Balances with banks in: | | | | |
| - Current accounts | - | - | 39.43 | 66.30 |
| | - | - | 42.41 | 74.43 |
| Other Bank Balances | | | | |
| Unclaimed dividend account | - | - | 28.42 | 20.95 |
| Margin money deposits* | 15.59 | 45.64 | 490.42 | 544.02 |
| | 15.59 | 45.64 | 518.64 | 564.97 |
| Amount disclosed under non-current assets (refer note 17) | (15.59) | (45.64) | - | - |
| | - | - | 561.25 | 639.40 |

*Margin money deposits are subject to first charge to secure Company's cash credit borrowings and other non fund base limits.

17. Other assets

| | Non-Current | | Current | |
|---|------------------|------------------|------------------|------------------|
| | As at 31-03-2017 | As at 31-03-2016 | As at 31-03-2017 | As at 31-03-2016 |
| | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs |
| (Unsecured, considered good) | | | | |
| Non-current bank balances (refer note 16) | 15.59 | 45.64 | - | - |
| Unamortised Premium on Forward Contracts | - | - | - | 0.62 |
| Unrealised exchange gain on forward contracts | - | - | 8.21 | - |
| Assets held for sale | - | - | - | 55.11 |
| Others | | | | |
| Interest accrued | - | - | 5.82 | 3.21 |
| Others | - | - | 0.94 | 1.32 |
| | 15.59 | 45.64 | 14.97 | 60.26 |

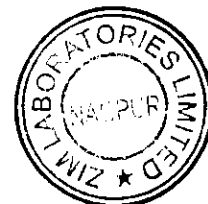


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| | Year ended 31-03-2017 | Year ended 31-03-2016 |
|---|--------------------------|--------------------------|
| | Rs. lacs | Rs. lacs |
| 18. Revenue from operations | | |
| Sales of products | | |
| Finished goods | 20,886.85 | 25,765.90 |
| Stock in trade | 2,660.41 | 1,442.80 |
| Other operating revenue | 548.65 | 455.31 |
| | 24,095.91 | 27,664.01 |
| Less: Excise duty | 594.60 | 812.71 |
| | 23,501.31 | 26,851.30 |
| Details of product sold | | |
| Finished goods | | |
| Tablets | 5,411.99 | 11,113.68 |
| Capsules | 2,218.25 | 3,021.82 |
| Pre formulation ingredients | 12,498.19 | 11,332.66 |
| Others | 758.42 | 287.74 |
| | 20,886.85 | 25,765.90 |
| Stock in trade | | |
| Tablets | 1,009.17 | 573.36 |
| Capsules | 313.78 | 85.42 |
| Bulk Drugs | 1,337.46 | 784.02 |
| | 2,660.41 | 1,442.80 |
| Other operating revenue | | |
| Export incentives | 519.99 | 421.65 |
| Scrap Sales | 16.51 | 15.27 |
| Others | 12.15 | 18.39 |
| | 548.65 | 455.31 |
| 19. Other income | | |
| | Year ended 31-03-2017 | Year ended 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Interest income on | | |
| Fixed deposits | 45.70 | 45.83 |
| Others | 6.47 | 3.47 |
| Dividend income on investments | 0.60 | 0.60 |
| Exchange rate difference (net) | 98.15 | 182.32 |
| Other non-operating income | 332.89 | 158.55 |
| | 483.81 | 390.77 |
| 20. Cost of materials consumed | | |
| | Year ended 31-03-2017 | Year ended 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Inventory at the beginning of year | 2,266.19 | 2,975.84 |
| Add: Purchases | 9,219.21 | 13,594.89 |
| | 11,485.40 | 16,570.73 |
| Less: Inventory at the end of year | 2,145.04 | 2,266.19 |
| Cost of materials consumed | 9,340.36 | 14,304.54 |
| Details of raw material, components and packing materials consumed | | |
| Drugs | 3,408.81 | 4,413.41 |
| Antibiotics | 2,929.45 | 5,732.94 |
| Packing materials | 1,163.82 | 1,901.51 |
| Excipients | 999.66 | 1,171.53 |
| EHG capsules | 243.04 | 415.58 |
| Vitamins | 104.67 | 167.28 |
| Others | 490.91 | 502.29 |
| | 9,340.36 | 14,304.54 |
| Details of inventory | | |
| Drugs | 343.79 | 669.90 |
| Antibiotics | 1,105.54 | 958.15 |
| Packing materials | 244.55 | 281.35 |
| Excipients | 318.58 | 218.64 |
| EHG capsules | 33.07 | 43.16 |
| Vitamins | 26.57 | 24.16 |
| Others | 72.94 | 70.83 |
| | 2,145.04 | 2,266.19 |



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| 21. Purchase of Stock in trade | Year ended 31-03-2017 | Year ended 31-03-2016 |
|--|--------------------------|--------------------------|
| | Rs. lacs | Rs. lacs |
| Details of purchases of traded goods | | |
| Tablets | 993.96 | 562.30 |
| Capsules | 307.97 | 85.07 |
| Bulk Drugs | 1,213.18 | 665.52 |
| | 2,515.11 | 1,312.90 |
| 22. Changes in inventories of finished goods and work in progress | | |
| | Year ended 31-03-2017 | Year ended 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Inventories at the end of the year | | |
| Finished goods | 719.70 | 906.49 |
| Work in progress | 596.01 | 550.58 |
| | 1,315.71 | 1,457.07 |
| Inventories at the beginning of the year | | |
| Finished goods | 906.49 | 910.77 |
| Work in progress | 550.58 | 677.03 |
| | 1,457.07 | 1,587.80 |
| | 141.36 | 130.73 |
| Details of Inventory | | |
| Finished goods | | |
| Tablets | 330.37 | 410.60 |
| Capsules | 128.99 | 124.50 |
| Pre formulation ingredients | 251.97 | 364.02 |
| Others | 8.37 | 7.37 |
| | 719.70 | 906.49 |
| Work in progress | | |
| Tablets | 190.00 | 331.64 |
| Capsules | 123.58 | 56.96 |
| Pre formulation ingredients | 271.53 | 159.43 |
| Others | 10.90 | 2.55 |
| | 596.01 | 550.58 |
| 23. Employee benefits expense | | |
| | Year ended 31-03-2017 | Year ended 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Salaries, wages and bonus | 3,072.75 | 2,850.67 |
| Contribution to provident and other funds | 106.04 | 89.41 |
| Gratuity expense (refer note 29(a)) | 55.25 | 41.60 |
| Staff welfare expenses | 98.74 | 88.33 |
| | 3,332.78 | 3,070.01 |
| 24. Finance costs | | |
| | Year ended 31-03-2017 | Year ended 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Interest | | |
| Banks | 920.27 | 1,049.61 |
| Others | 35.66 | 33.98 |
| Net (gain)/loss on foreign currency transactions and translation | (65.24) | 198.90 |
| Other borrowing costs | 36.36 | 70.45 |
| Interest on delayed payment of income tax | 39.98 | 12.38 |
| | 967.03 | 1,365.32 |
| 25. Depreciation and amortisation expenses | | |
| | Year ended 31-03-2017 | Year ended 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Depreciation on tangible assets (refer note10) | 853.58 | 829.25 |
| Amortisation of intangible assets (refer note10) | 46.99 | 46.44 |
| | 900.57 | 875.69 |



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26. Other Expenses

| | Year ended 31-03-2017 | Year ended 31-03-2016 |
|--|--------------------------|--------------------------|
| | Rs. lacs | Rs. lacs |
| Consumption of stores and spares | 34.43 | 65.00 |
| Power and fuel | 521.90 | 628.45 |
| Water charges | 12.63 | 11.74 |
| Insurance | 11.83 | 22.00 |
| Increase/(decrease) of excise duty on inventory | (8.53) | 24.00 |
| Repairs and maintenance | | |
| Machines | 232.42 | 203.07 |
| Buildings | 52.39 | 72.05 |
| Others | 76.01 | 78.52 |
| Printing & stationery | 38.12 | 38.75 |
| Communication costs | 34.37 | 32.63 |
| Legal and professional fees | 561.56 | 365.05 |
| Payment to auditors (Refer details below) | 33.89 | 30.00 |
| Advertisement & sales promotion | 102.52 | 142.49 |
| Travelling and conveyance | 264.71 | 214.78 |
| Commission on sales | 1,721.14 | 1,560.55 |
| Freight and forwarding charges | 429.54 | 500.73 |
| Bad debts/ advances written off | 130.28 | 41.33 |
| Rates and taxes | 74.23 | 146.96 |
| Fixed Assets Written off | 10.69 | 24.75 |
| Loss on sale of fixed assets (net) | 22.02 | 60.04 |
| Rent | 11.47 | 10.35 |
| Premium on forward exchange contract amortised | 2.18 | 4.03 |
| Laboratories Expenses | 380.56 | 306.14 |
| Corporate social responsibility expenses (refer note 38) | 5.00 | 4.00 |
| Miscellaneous expenses | 300.75 | 526.21 |
| | 5,058.11 | 5,113.62 |

Payment to auditor

| | Year ended 31-03-2017 | Year ended 31-03-2016 |
|-------------------------------------|--------------------------|--------------------------|
| | Rs. lacs | Rs. lacs |
| As auditor: | | |
| Audit fee | 32.00 | 30.00 |
| In other capacity: | | |
| Other services (certification fees) | 1.40 | - |
| Reimbursement of expenses | 0.49 | - |
| | 33.89 | 30.00 |

27. Exceptional items

| | Year ended 31-03-2017 | Year ended 31-03-2016 |
|---------------------------------------|--------------------------|--------------------------|
| | Rs. lacs | Rs. lacs |
| Provision for doubtful debts (net) | - | 398.98 |
| Provision for doubtful advances (net) | - | 134.05 |
| | - | 533.03 |

28. Earnings per share (EPS)

| | Year ended 31-03-2017 | Year ended 31-03-2016 |
|---|--------------------------|--------------------------|
| | Rs. lacs | Rs. lacs |
| Total operations for the year | | |
| Profit after tax | 1,851.82 | 509.75 |
| Net profit for calculation of basic and diluted EPS | 1,851.82 | 509.75 |
| Weighted average number of equity shares in calculating basic EPS | 8,021,761 | 7,998,520 |
| Weighted average number of equity shares in calculating diluted EPS | 8,106,401 | 8,111,388 |
| Basic Earning Per Share (Rs.) | 23.08 | 6.37 |
| Diluted Earning Per Share (Rs.) | 22.84 | 6.28 |



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Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

29. Employee Benefit - General Description of Defined Benefit Plan (of the Company only)

a - Gratuity

Under the gratuity plan, every employee is entitled to the benefit equivalent to fifteen days salary (as per last drawn salary) for each completed year of service or part thereof in excess of six months depending on the date of joining and eligibility terms, in terms of provisions of the Payment of Gratuity Act, 1972. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. Liabilities for such benefits are provided on the basis of valuation, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by an independent actuary for measuring the liability is the Projected Unit Credit method. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, the fund status and amounts recognised in the Balance Sheet respectively.

I. Expenses recognised in Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost:

| | Gratuity | |
|--------------------------------------|--------------|--------------|
| | Year ended | Year ended |
| | 31-03-2017 | 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Current service cost | 20.97 | 16.75 |
| Interest cost on benefit obligation | 15.52 | 11.88 |
| Expected return on plan assets | (13.82) | (9.63) |
| Net actuarial(gain)/loss in the year | 32.58 | 22.60 |
| Net benefit expenses | 55.25 | 41.80 |

II. Actual return on plan assets

14.94 10.55

III. Amount recognised in Balance sheet

Benefit asset/liability

| | Gratuity | |
|---|--------------|--------------|
| | As at | As at |
| | 31-03-2017 | 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Present value of defined benefit obligation | 262.68 | 198.00 |
| Fair value of plan assets | 241.79 | 176.24 |
| Net Plan (asset) / liability recognised in Balance sheet | 20.89 | 21.76 |

IV. Changes in the present value of the defined benefit obligation are as follows:

| | Gratuity | |
|---------------------------------------|---------------|---------------|
| | Year ended | Year ended |
| | 31-03-2017 | 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Opening defined benefit obligation | 198.00 | 147.72 |
| Current service cost | 20.97 | 16.75 |
| Interest cost | 15.52 | 11.88 |
| Benefit paid | (4.10) | (0.86) |
| Actuarial(gains)/losses on obligation | 32.29 | 22.51 |
| | 262.68 | 198.00 |

V. Changes in the fair value of the plan assets are as follows:

| | Gratuity | |
|-----------------------------------|---------------|---------------|
| | Year ended | Year ended |
| | 31-03-2017 | 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Opening fair value of plan assets | 176.24 | 119.76 |
| Expected return | 13.82 | 9.63 |
| Contribution by employer | 52.30 | 46.94 |
| Benefit paid | (0.28) | - |
| Actuarial gain/(losses) | (0.29) | (0.09) |
| Closing fair value of plan assets | 241.79 | 176.24 |

The Company expects to contribute Rs. 51.53 lacs to gratuity in the next year (31 March 2016: 42.73 lacs).

VI. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| | As at | |
|--|------------|------------|
| | 31-03-2017 | 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Investments with insurer (Insurer managed funds) | 100% | 100% |



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VII. The principal assumption used in determining gratuity benefit obligation for the Company's plans are shown below:

| | Gratuity | |
|-----------------------------------|-------------------------|-------------------------|
| | 31-03-2017 | 31-03-2016 |
| Discount rate | 7.09% | 7.84% |
| Expected rate of return on assets | 7.09% | 7.84% |
| Salary escalation | 5.00% | 5.00% |
| Attrition rate | 12.00% | 14.64% |
| Mortality | Indian assured lives | Indian assured lives |
| | mortality (2006-08) | mortality (2006-08) |
| | ultimate | ultimate |
| Retirement age (years) | 60 & 65 | 60 & 65 |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

VIII. Amounts for the current and previous four periods are as follows:

| | 31-03-2017 | 31-03-2016 | 31-03-2015 | 31-03-2014 | 31-03-2013 |
|--|------------|------------|------------|------------|------------|
| | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs |
| Gratuity | | | | | |
| Defined benefit obligation | 262.68 | 198.00 | 147.72 | 125.54 | 87.23 |
| Pfan assets | 241.79 | 176.24 | 119.76 | 88.25 | 60.65 |
| Surplus/(Deficit) | (20.89) | (21.76) | (27.96) | (37.29) | (26.58) |
| Experience adjustments on plan liabilities | 26.00 | 20.06 | (4.71) | 29.57 | 2.49 |
| Experience adjustments on plan assets | (0.29) | (0.09) | 1.45 | 0.09 | 1.69 |

b - Leave Entitlement

The obligation for compensated absences is recognised in the same manner as gratuity and net charge to the Statement of Profit and Loss for the year is Rs 30.96 lacs (31 March 2016: Rs 33.41 lacs).

30. Operating leases

Where Company is the lessee :

Future minimum rentals payable under non-cancellable operating leases are as follows:

| | As at 31-03-2017 | As at 31-03-2016 |
|--|---------------------|---------------------|
| | Rs. lacs | Rs. lacs |
| Within one year | 6.60 | 6.60 |
| After one year but not more than five year | 21.67 | 28.27 |
| More than five years | - | - |

The Company has entered into operating lease agreement for a premises. The lease term is 5 years with lease rent of Rs. 6 lacs p.a. (31st March 2016 Rs. 6 lacs p.a.), renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases. There is escalation clause in the lease agreement. There are no subleases.

31. Research and development expenditure

| | Year ended 31-03-2017 | Year ended 31-03-2016 |
|---|--------------------------|--------------------------|
| | Rs. lacs | Rs. lacs |
| Revenue expenditure charged to Statement of Profit and Loss (under notes 20, 23, 25 and 26) | 813.80 | 572.06 |
| Capital Expenditure | 136.53 | 221.39 |
| | 950.33 | 793.45 |

32A. Capital and other commitments

| | As at 31-03-2017 | As at 31-03-2016 |
|--|---------------------|---------------------|
| | Rs. lacs | Rs. lacs |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 282.12 | 0.75 |
| Commitment relating to lease arrangements (refer note 30) | 28.27 | 34.87 |



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32B. Contingent liabilities

| Particulars | As at | As at |
|--|---------------|---------------|
| | 31-03-2017 | 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| Claims against Company not acknowledged as debt in respect of: | | |
| Sales tax | - | 21.33 |
| Service tax | 254.32 | 5.76 |
| Income tax | 277.04 | 322.23 |
| Gram Panchayat Tax | 6.69 | 4.41 |
| Labour claims | 15.00 | 15.00 |
| Export obligation-Advance License | 1.26 | 19.82 |
| Total | 554.31 | 388.55 |

33. Derivative instruments and unhedged foreign currency exposure

| | As at | As at |
|--|------------|------------|
| | 31-03-2017 | 31-03-2016 |
| | Rs. lacs | Rs. lacs |
| (a) Derivatives outstanding as at the reporting date | 241.60 | 177.53 |

Particulars

Purpose

Forward contract to sell
US \$ 0.24 lacs (31 March, 2016 : US \$ 2.68 lacs)

Hedge against highly probable foreign
currency sales

Forward contract to buy
US \$ 3.49 lacs (31 March, 2016 : Nil)

Hedge against highly probable foreign
currency purchases and foreign currency
borrowings

Interest rate swap
US \$ 24.92 lacs (31 March, 2016 : US \$ 26.17 lacs)

Hedge against exposure to variable interest
on loan. Swap to pay fixed interest @7.8%
p.a. and receive a variable interest @
LIBOR on the outstanding amount.

Above derivative contracts/arrangement are entered against underlying transactions and are
non-speculative in nature

(b) Particulars of unhedged foreign currency exposure as at the reporting date

| Particulars | As at 31-03-2017 | | As at 31-03-2016 | |
|--------------------------------|---|--|--|--|
| | Amount in Foreign Currency (Lacs) | Amount in Local Currency (Lacs) | Amount in Foreign Currency (Lacs) | Amount in Local Currency (Lacs) |
| Balance in EEFC Account | | | | |
| USD | - | - | 0.69 | 45.89 |
| AED | 0.17 | 2.93 | 0.20 | 3.53 |
| Trade receivables | | | | |
| USD | 49.28 | 3,195.89 | 37.14 | 2,460.88 |
| EURO | 0.19 | 12.99 | 0.27 | 20.58 |
| Advance received from customer | | | | |
| USD | 4.00 | 262.43 | 1.12 | 72.53 |
| EURO | 0.26 | 18.22 | 0.61 | 46.13 |
| AED | 0.92 | 16.18 | 0.54 | 9.76 |
| Trade payables | | | | |
| USD | 0.13 | 8.43 | 4.87 | 322.48 |
| EURO | 0.11 | 7.45 | - | - |
| Borrowings (USD) | 43.35 | 2,811.07 | 53.03 | 3,513.36 |
| PCFC(USD) | 7.72 | 500.79 | 6.52 | 432.28 |
| Buyer's Credit (USD) | 3.42 | 221.47 | 3.29 | 217.99 |
| Export Commission | | | | |
| USD | 20.31 | 1,317.38 | 13.20 | 874.37 |
| EURO | 0.21 | 14.89 | 0.21 | 15.72 |



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34. Employees Stock Option Scheme

The Company has implemented Employee Stock Option Scheme for the key employees of the Company. All the options issued by the Company are equity share based options which have to be settled in equity shares only. The shares to be allotted to employees under the "ZIM LABORATORIES LIMITED" Employee Stock Option Scheme (the 'ESOP scheme') will be met through fresh issue of equity shares by the Company. The Board at its meeting held on 19 March 2015 approved 1,22,449 shares for subsequent issue to eligible employees under the ESOP scheme.

I. The position of the Employee Stock Option Scheme (ESOS) of the Company as at 31 March 2017 is as under:

| S.No. | Particulars | ESOS |
|-------|--|---|
| 1 | Details of approval | Resolution passed by Nomination & Remuneration committee at its meeting dated 16 May 2015 and the shareholders, in the Extra ordinary General Meeting held on 27 May 2015 had approved the grant of 1,22,449 employee stock options in accordance with the ESOP Scheme, equivalent to 1.53% of the issued and paid up share capital of the Company as at 31 March 2015. |
| 2 | Total number of stock options approved | 1,22,449 |
| 3 | Vesting schedule | 25% of granted options to each of the employees shall vest on 1 June 2016, 1 June 2017, 1 June 2018 and 1 June 2019 respectively. |
| 4 | Maximum term of Options granted (years) | 5 |
| 5 | Source of shares (Primary, Secondary or combination) | Primary |
| 6 | Variation in terms of options | NA |
| 7 | Price per option | At Face value (i.e. Rs 10) |
| 8 | The exercise period | Exercise anytime within one year from date of vesting. |
| 9 | Vested during the year | 30,625 |
| 10 | Exercised during the year | 30,625 |

II. Method used to account for ESOS

The guidance note on Accounting for employee share based payments (the 'Guidance Note') issued by the Institute of Chartered Accountants of India establishes financial accounting and reporting principles for employee share based payment plans. The guidance note applies to employee share based payment plans having grant date on or after 1 April 2005. Accordingly, the Company has recorded compensation cost for all grants made to its employees under the intrinsic value based method of accounting prescribed in 'Guidance Note'.

III. Weighted average exercise price of Options granted during the year whose

| | |
|---|-----|
| Exercise price equals fair value | Nil |
| Exercise price is greater than fair value | Nil |
| Exercise price is less than fair value | Nil |

IV. Weighted average fair value of Options granted during the year whose

| | |
|---|-----|
| Exercise price equals fair value | Nil |
| Exercise price is greater than fair value | Nil |
| Exercise price is less than fair value | Nil |

V. Employee-wise details of options granted during the financial year ended 31 March 2017

i) Senior managerial personnel:

| S.No. | Name of Employees | Designation | Exercise Price per share (Rs.) | Number of Options granted during the year ended 31 March 2017 | Number of Options granted during the year ended 31 March 2016 |
|-------|--------------------|--------------------|--------------------------------|---|---|
| 1 | Mr. Niraj Dhadiwel | Executive Director | 10 | - | 50,000 |
| 2 | Mr. Prakash Sapkal | Executive Director | 10 | - | 50,000 |
| 3 | Mr. Vijay Fudke | Vice President | 10 | - | 22,449 |

ii) Employees who were granted, options of 5% or more of the total options granted during the year

| S.No. | Name of Employees | Designation | Exercise Price per share (Rs.) | Number of Options granted during the year ended 31 March 2017 | Number of Options granted during the year ended 31 March 2016 |
|-------|--------------------|--------------------|--------------------------------|---|---|
| 1 | Mr. Niraj Dhadiwel | Executive Director | 10 | - | 50,000 |
| 2 | Mr. Prakash Sapkal | Executive Director | 10 | - | 50,000 |
| 3 | Mr. Vijay Fudke | Vice President | 10 | - | 22,449 |

iii) Identified employees who were granted option, during the year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

| S.No. | Name of Employees | Designation | Exercise Price per share (Rs.) | Number of Options granted during the year |
|-------|-------------------|-------------|--------------------------------|---|
| | Nil | Nil | Nil | Nil |



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VI. The movement of stock options during the year ended 31 March 2017 are summarized below:

| Particulars | Number of options |
|---|-------------------|
| Options outstanding at the beginning of the year | 1,22,449 |
| Options granted during the year | Nil |
| Options Forfeited / lapsed during the year | Nil |
| Options vested during the year | 30,625 |
| Options exercised during the year | 30,625 |
| Total number of shares arising as a result of exercise of options | 30,625 |
| Money realised by exercise of options | 3,06,250 |
| Expired during the year | Nil |
| Options outstanding at the end of the year | 91,824 |
| Options exercisable at the end of the year | Nil |

VII. The exercise price and expected remaining contractual life (comprising the vesting period and exercise period) of options outstanding as at 31 March 2017 is as follows:

| Grant Date | Number of options | Vesting Date | Exercise End Date | Exercise Price | Expected remaining contractual life |
|------------|-------------------|--------------|-------------------|----------------|-------------------------------------|
| 01-Jun-15 | 30,608 | 01-Jun-17 | 01-Jun-18 | 10 | 14 months |
| 01-Jun-15 | 30,608 | 01-Jun-18 | 01-Jun-19 | 10 | 28 months |
| 01-Jun-15 | 30,608 | 01-Jun-19 | 01-Jun-20 | 10 | 38 months |

VIII. For purposes of the proforma disclosures, the fair value of each option grant was estimated as at 31 March 2015 using the Black Scholes Option Valuation model with the following assumptions:

| Particulars | Particulars |
|----------------------------|-------------|
| 1. Risk Free Interest Rate | 7.76% |
| 2. Expected Life (year) | 3 |
| 3. Expected Volatility | 47.74% |
| 4. Dividend Yield | 0.76% |

IX. Pro forma and Earning Per Share disclosures using fair value of options granted

The stock-based compensation cost calculated as per the Intrinsic value method for the period 01 April 2016 to 31 March 2017 is Rs. 45,14,287 (01 April 2015 to 31 March 2016 : Rs. 82,49,782). If the stock-based compensation cost was calculated as per the fair value method prescribed by applicable authority, the total cost to be recognised in the financial statements for the period 01 April 2016 to 31 March 2017 would be Rs. 44,79,800 (01 April 2015 to 31 March 2016 : Rs. 82,02,038). The effect of adopting the fair value method on the net income and earnings per share is presented below:

| Particulars | Rs. lacs | |
|---|--------------------------|--------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| Profit after taxation as per Statement of Profit and Loss | 1,851.82 | 509.75 |
| Intrinsic Value Compensation Cost | 45.14 | 62.50 |
| Fair Value Compensation Cost | 44.80 | 62.02 |
| Pro forma Income | 1,862.16 | 514.23 |
| Weighted average number of equity shares in calculating Basic EPS | 8,021,761 | 7,898,520 |
| Dilutive Number of Options | 64,640 | 112,868 |
| Weighted average number of equity shares in calculating Diluted EPS | 8,106,401 | 8,111,388 |
| Basic | | |
| Earnings Per Share- as reported | 23.08 | 6.37 |
| Earnings Per Share- as adjusted | 23.09 | 6.38 |
| Diluted | | |
| Earnings Per Share- as reported | 22.84 | 6.28 |
| Earnings Per Share- as adjusted | 22.85 | 6.28 |

35. Segment information

The operations of the Company represent a single primary business segment relating to pharmaceuticals. Secondary segment reporting is performed on the basis of location of the customers. Entire property, plant and equipments of the Company are situated in India.

| Particulars | 31-03-2017 | | | 31-03-2016 | | |
|-----------------------------------|------------|---------------|-----------|------------|---------------|-----------|
| | In India | Outside India | Total | In India | Outside India | Total |
| Revenue from operations | 9,991.14 | 13,510.17 | 23,501.31 | 14,138.11 | 12,713.19 | 26,851.30 |
| Carrying amount of segment assets | 21,421.96 | 3,520.70 | 24,942.66 | 22,007.79 | 3,164.20 | 25,171.99 |
| Capital expenditure for the year | 514.47 | 129.35 | 643.82 | 1,259.34 | - | 1,259.34 |
| - Tangible | 513.91 | - | 513.91 | 1,257.56 | - | 1,257.56 |
| - Intangible | 0.56 | 129.35 | 129.91 | 1.78 | - | 1.78 |

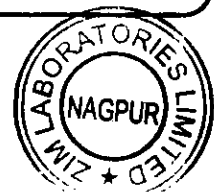
36. Related party disclosures

Key Management Personnel:

| | |
|--------------------|--------------------|
| Mr. Anwar S. Daud | Managing Director |
| Mr. Zulfikar Kamal | Executive Director |
| Mr. Riaz A. Kamal | Executive Director |
| Mr. Ninaj Dhadiwal | Executive Director |
| Mr. Prakash Sapkal | Executive Director |

Nature of transactions

| | 31-03-2017 | | 31-03-2016 | |
|--|------------|--|------------|--|
| | Rs. lacs | | Rs. lacs | |
| 1) Remuneration | | | | |
| Mr. Anwar S. Daud | 80.00 | | 78.00 | |
| Mr. Riaz A. Kamal | 20.00 | | 17.55 | |
| Mr. Zulfikar Kamal | 48.00 | | 38.00 | |
| Mr. Ninaj Dhadiwal | 35.50 | | 23.00 | |
| Mr. Prakash Sapkal | 34.50 | | 22.85 | |
| 2) Rent paid | | | | |
| Mr. Anwar S. Daud | 6.00 | | 6.00 | |
| The remuneration to Key management personnel does not include provision for gratuity, leave benefits & ESOS. | | | | |
| 3) Share Application Money received, shares were allotted during the year under ESOS | | | | |
| Mr. Ninaj Dhadiwal | 1.25 | | - | |
| Mr. Prakash Sapkal | 1.25 | | - | |
| 4) Dividend Paid | | | | |
| Mr. Anwar S. Daud | 22.23 | | - | |
| Mr. Riaz A. Kamal | 1.98 | | - | |
| Mr. Zulfikar Kamal | 0.13 | | - | |
| Mr. Ninaj Dhadiwal | 0.13 | | - | |
| Mr. Prakash Sapkal | 0.02 | | - | |



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Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

| Balances outstanding at year end | 31-03-2017 | 31-03-2016 |
|---|------------|------------|
| | Rs. lacs | Rs. lacs |
| Advances to Key Managerial Personnel | | |
| Mr. Anwar S. Daud | 11.85 | 14.28 |
| Payable to Key Managerial Personnel | | |
| Mr. Anwar S. Daud | 14.11 | 12.72 |
| Mr. Zulfikar Kamal | 4.78 | 4.40 |
| Mr. Riaz A. Kamal | 1.87 | 1.42 |
| Mr. Niraj Dhudwel | 3.62 | 2.97 |
| Mr. Prakash Sapkota | 3.75 | 3.28 |
| Trade Payable | | |
| Mr. Anwar S. Daud | 1.80 | 1.78 |

Indian rupee loans, foreign currency loan and short term borrowings from banks are guaranteed by the personal guarantee of the managing director of the Company (refer notes 5 & 6).

37. Details of dues to micro and small enterprises

| | 31-03-2017 | 31-03-2016 |
|---|------------|------------|
| | Rs. lacs | Rs. lacs |
| a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| - Principal amount due to micro and small enterprises | - | - |
| - Interest due on above | - | - |
| b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006; along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year. | - | - |
| c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006. | - | - |

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

38. Contribution towards Corporate Social Responsibility (CSR)

Section 135 of the Companies Act, 2013 and Rules made thereunder prescribe that every Company having a net worth of Rs. 500 crore or more, or turnover of Rs. 1,000 crore or more or a net profit of Rs. 5 crore or more during any financial year shall ensure that the company spends, in every financial year, at least 2% of the average net profits earned during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The provisions pertaining to corporate social responsibility as prescribed under the Companies Act, 2013 are applicable to ZIM Laboratories Limited. The financial details as sought by the Companies Act, 2013 are as follows:

| | 31-03-2017 | 31-03-2016 |
|---|------------|------------|
| | Rs. lacs | Rs. lacs |
| Average net profit of the Company for last three financial years | (255.11) | 65.96 |
| Prescribed CSR expenditure (2% of the average net profit as computed above) | - | 1.32 |
| Total amount to be spent for the financial year | - | 1.32 |
| Amount spent | 5.00 | 4.00 |
| Amount unspent | - | - |

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For ZIM LABORATORIES LIMITED


(Piyush Nikhade)
 Company Secretary



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Significant accounting policies and other explanatory information as at and for the year ended 31 March 2017

39. Disclosure on specified bank notes (SBNs)

During the year, the Company had SBNs/ other denomination notes (other notes) as defined in the MCA notification G.S.R. 308 (E) dated 31 March 2017. The denomination wise details of the SBNs and other notes held and transacted during the period from 8 November 2016 to 30 December 2016 is given below:

| Particulars | Rs. lacs | | |
|---------------------------------------|----------|--------------------------|-------|
| | SBNs* | Other denomination notes | Total |
| Closing cash in hand as on 08-11-2016 | 0.67 | 0.01 | 0.68 |
| Add : Permitted receipts** | 0.16 | 6.40 | 6.56 |
| Less : Permitted payments | - | 4.83 | 4.83 |
| Less : Amount deposited in Banks | 0.83 | 1.07 | 1.90 |
| Closing cash in hand as on 30-12-2016 | - | 0.51 | 0.51 |

* The term 'Specified Bank Notes' shall have the same meaning as provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 08, 2016.

** Amount received from employees towards Imprest/ Advances/ Claims settled.

40. The Board of Directors at its meeting held on 11 August 2017 have recommended final dividend of Re 1 per equity share. The recommended dividend is subject to share-holder approval.

41. Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date

For Walker Chandok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

For and on behalf of the board of directors of
Zim Laboratories Limited

per Adi P. Sethna
Partner
Membership No.: 108840

Anwar S. Deud
Managing Director
DIN: 00023529

Zulfiqar M. Kamal
Director & CFO
DIN: 01786783

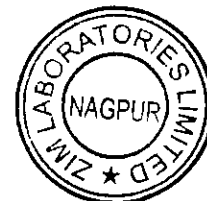
Place: Nagpur
Date: 11 August 2017

Place: Nagpur
Date: 11 August 2017

R.A. Parasuraman
Company Secretary

CERTIFIED TRUE COPY
For ZIM LABORATORIES LIMITED

(Piyush Nikhade)
Company Secretary



FORM AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies / joint ventures

Part "A" : Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

- | | | |
|--|---|--------------------------------------|
| 1. Sl. No. | : | 1 |
| 2. Name of the subsidiary | : | Zim Laboratories FZE |
| 3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period. | : | April 2016 to March 2017 |
| 4. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiary | : | AED and Exchange Rate- Rs.17.655/AED |
| 5. Share capital | : | Rs. 4,41,375.00 |
| 6. Reserves & surplus. | : | Rs. (17,05,098.90) |
| 7. Total assets | : | Rs. 3,89,402.03 |
| 8. Total liabilities | : | Rs. 3,89,402.03 |
| 9. Investments | : | Nil |
| 10. Turnover | : | Nil |
| 11. Profit /(Loss) before taxation | : | Rs. (8,07,667.73) |
| 12. Provision for taxation | : | Nil |
| 13. Profit/(Loss) after taxation | : | Rs. (8,07,667.73) |
| 14. Proposed Dividend | : | Nil |
| 15. % of shareholding. | : | 100% |

For on behalf of the Board of Directors of
Zim Laboratories Limited

(Anwar Siraj Daud)
Managing Director

(Zulfiqar M. Kamal)
Director (Finance)

Place : Nagpur
Date : 11.08.2017

(R.A. Parasuraman)
Company Secretary

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For ZIM LABORATORIES LIMITED

1188
(Piyush Nikhade)
Company Secretary



**ZIM LABORATORIES LIMITED**

Regd. Office : Sadoday Gyan (Ground Floor), Opp. NADT, Nelson Square, Nagpur – 440 013
Tel. No. (0712) 2588070, E-mail ID : md@zimlab.in Website : www.zimlab.in

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014] CIN : U99999MH1984PLC032172.

| | |
|----------------------------|--|
| Name of the member(s) | |
| Registered address : | |
| E-mail ID | |
| Folio No./DP ID-Client ID: | |

I/We, being the holder(s) of _____ equity shares of the above named company, hereby appoint :

- (1) Name : _____
Address : _____
E-mail ID : _____ Signature _____ or failing him ;
- (2) Name : _____
Address : _____
E-mail ID : _____ Signature _____ or failing him ;
- (3) : _____
Address : _____
E-mail ID : _____ Signature _____

as my/our proxy to attend and vote (on poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Saturday the 16th September, 2017 at 11.00 a.m. at Chitnavis Centre, 56, Temple Road, Civil Lines, Nagpur – 440 001 and at any adjournment thereof in respect of such resolutions as are indicated below :-

| Sl. No. | Resolutions | Optional* | |
|---------|--|-----------|---------|
| | | For | Against |
| 1 | Adoption of financial statements for 2016-17 and Report of Board and Auditors. | | |
| 2 | Declaration of dividend - 10% | | |
| 3 | Re-appointment of Mr. Riazahmed K. Kamal, retiring Whole Time Director. | | |
| 4 | Ratification of appointment of Auditor for 2017-18. | | |
| 5 | Approval of reappointment of Mr. Anwar Siraj Daud as Managing Director | | |
| 6 | Consent for increase in remuneration of Managing Director and Whole-time Directors in excess of 10% of the net profit. | | |
| 7 | Appointment of Dr. V.V. Parashar as Independent Director. | | |
| 8 | Appointment of Mr. Naresh Gaikwad as Independent Director. | | |
| 9 | Appointment of Mr. Suprakash Chakravarty as Independent Director. | | |
| 10 | Ratification of Cost Auditor's remuneration for 2017-18 | | |
| 11 | Alteration to Memorandum of Association. | | |
| 12 | Alteration to Articles of Association. | | |
| 13 | Re-classification of Promoters. | | |

Signed this _____ day of _____ 2017

Signature of Shareholder : _____

Signature of Proxy holder (s) : _____

Note :

This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting. .

Affix
Revenue
Stamp not
less than
Rs. 1/-

