



Zeal & Innovation in Medicine

Ref No.: ZLL/CS/BSE/NSE

Date: 16.06.2023

BSE Limited, Corporate Relationship Department P. J. Towers, Dalal Street, Mumbai- 400 001 Company Code- 541400	National Stock Exchange of India Limited Listing Compliance Department Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 (Symbol - ZIMLAB)
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Dear Sir/Madam,

**Sub : Annual Report for the Financial Year 2022-23**

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, please find enclosed herewith Annual Report of the Company for the F.Y. 2022-23.

The Annual Report for the F.Y. 2022-23 is also uploaded on the website of the company i.e., [www.zimlab.in](http://www.zimlab.in).

Please take the same on your records.

Thanking you,

Yours faithfully,  
For ZIM LABORATORIES LIMITED

(Piyush Nikhade)  
Company Secretary and Compliance Officer  
Membership No. A38972

**ZIM LABORATORIES LIMITED**

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# INNOVATION AND DIFFERENTIATION FOR PATIENT-CENTRIC SOLUTIONS

# WHAT'S INSIDE

## 02 ZIM Labs at a Glance



## 06 Business Overview



## 08 Chairman's Message



## 01

### CORPORATE OVERVIEW

- 01 Innovation and Differentiation for Patient-Centric Solutions
- 02 ZIM Labs at a Glance
- 04 Milestone Moments In Our Journey
- 06 Business Overview
- 08 Chairman's Message
- 10 CFO's Message
- 12 Key Performance Highlights
- 14 Pharmaceuticals - Offering Innovation and Differentiation
- 16 Nutraceuticals
- 18 Oral Thin Films (OTF)
- 22 Driving Innovation through R&D and Technology Platforms
- 24 Strengthening Market Presence
- 25 Expanding Infrastructure to Fortify Strengths
- 26 Growth Strategy
- 28 Supporting and Transforming Communities through CSR
- 30 Board of Directors
- 32 Comprehensive Research Capabilities
- 34 Corporate Information

## 02

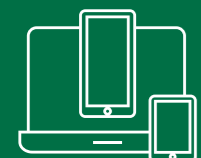
### STATUTORY REPORTS

- 36 Management Discussion and Analysis
- 45 Board Report
- 57 Corporate Governance Report

## 03

### FINANCIAL STATEMENTS

- 74 Consolidated Financial Statements
- 133 Standalone Financial Statements



For more details, please visit: [zimlab.in](http://zimlab.in)

**At ZIM Laboratories Limited, our purpose has been to create differentiated generics using our innovative drug delivery platforms to provide patients with the best in healthcare. Our focus on innovation has helped us to create products centred around patient convenience. We consistently try to innovate to create solutions that provide patient convenience and adherence using drug delivery.**

Our differentiation and value proposition is in our ability to develop and supply combination generic products in the oral solid dosage form, using drug delivery techniques and various non-infringing proprietary manufacturing processes.

Using our versatile and innovative technology platforms, we have developed a New Innovative Products (NIP) portfolio which will aid our growth in Key Developed and Pharmerging markets\*. In addition, Dossiers of our top selling products in RoW markets are also in the process of upgradation and several other products have also been identified for development, registration and launch in the RoW (Rest of the World) markets.



# INNOVATION AND DIFFERENTIATION FOR PATIENT-CENTRIC SOLUTIONS

\*Key Developed and Pharmerging Markets: EU, Turkey, Canada, Australia, BRICS, LatAm, Saudi Arabia and other markets with high GDP / Capita

# ZIM LABS AT A GLANCE

Established in 1989, ZIM Laboratories Limited (ZIM Labs) develops and supplies differentiated generic Pharmaceutical and Nutraceutical products in Finished Formulations (FF) and Pre-Formulation Intermediates (PFI) in certain key therapeutic categories across RoW markets.

Our differentiation and value proposition is in our ability to develop and supply combination / differentiated generic products in the oral solid dosage form, using drug delivery techniques and various non-infringing proprietary manufacturing processes.



## Vision

Making quality healthcare affordable through drug delivery solutions focussing on patient convenience and adherence

Our core capability is built on the foundation of a strong, experienced in-house R&D set-up which provides various delivery solutions that are comprehensive and cover product conceptualisation, product development, clinical studies, dossiers, manufacturing & supplies.



## Our Core Values



### Zeal

Passion to positively impact the lives of patients through compassion, excellence in product quality, affordability and marketability



### Innovation

Challenge the status quo to enhance value-providing attributes of our products and processes



### Partnership

Build strong and enduring partnerships that enable success based on value enhancement, mutual respect, trust and transparency



### Performance

Strive to deliver performance that enables our customers to differentiate in the marketplace. Continuously upgrade our skills and drive the change to do so



### Integrity

Be fair, honest, transparent and ethical in our conduct



### Teamwork

Be a strong team player through respect, trust, care, kindness and transparency



### Care for Environment

Judiciously use and protect resources, minimise waste and leave a better place for our future generations

## Our Business

ZIM develops and supplies differentiated generic Pharmaceutical and Nutraceutical products in Finished Formulations (FF) and Pre-Formulation Intermediates (PFI) in certain key therapeutic categories across RoW markets



## Offerings under Pharmaceuticals & Nutraceuticals

### PFI Business

We partner with manufacturers who seek solutions for development, sourcing and marketing of differentiated generic products.

### FF Business

We register our products in select markets with plans to enter into marketing tie-ups with local distributors and marketing companies for the launch of our FF products as branded generics.

### Oral Thin Films (OTF)

Our patented Oral Thin Film Technology (Thinoral®), which is part of the FF business, provides an alternative to traditional dosage forms. The OTF business has been expanding with certain high-value pharmaceutical products, and we have expanded into nutraceutical products.

## Key Highlights FY23

### Pharmaceuticals

During FY23, our Pharmaceuticals business was ₹ 3,082 Mn or 77% of Total Operating Income  
 ₹ 2,495 Mn or 81% of the Pharmaceuticals business was exports, while ₹ 587 Mn or 19% was domestic

### Nutraceuticals

During FY23, our Nutraceuticals business comprising Vitamins, Healthcare and Dietary Supplements was ₹ 903 Mn of Total Operating Income  
 ₹ 888 Mn or 98% of the Nutraceuticals business was exports while ₹ 15 Mn or 2% was domestic

## Key Indicators FY23

**₹ 3,985 Mn**

Total Operating Income

**₹ 584 Mn**

EBITDA

**₹ 244 Mn**

PAT

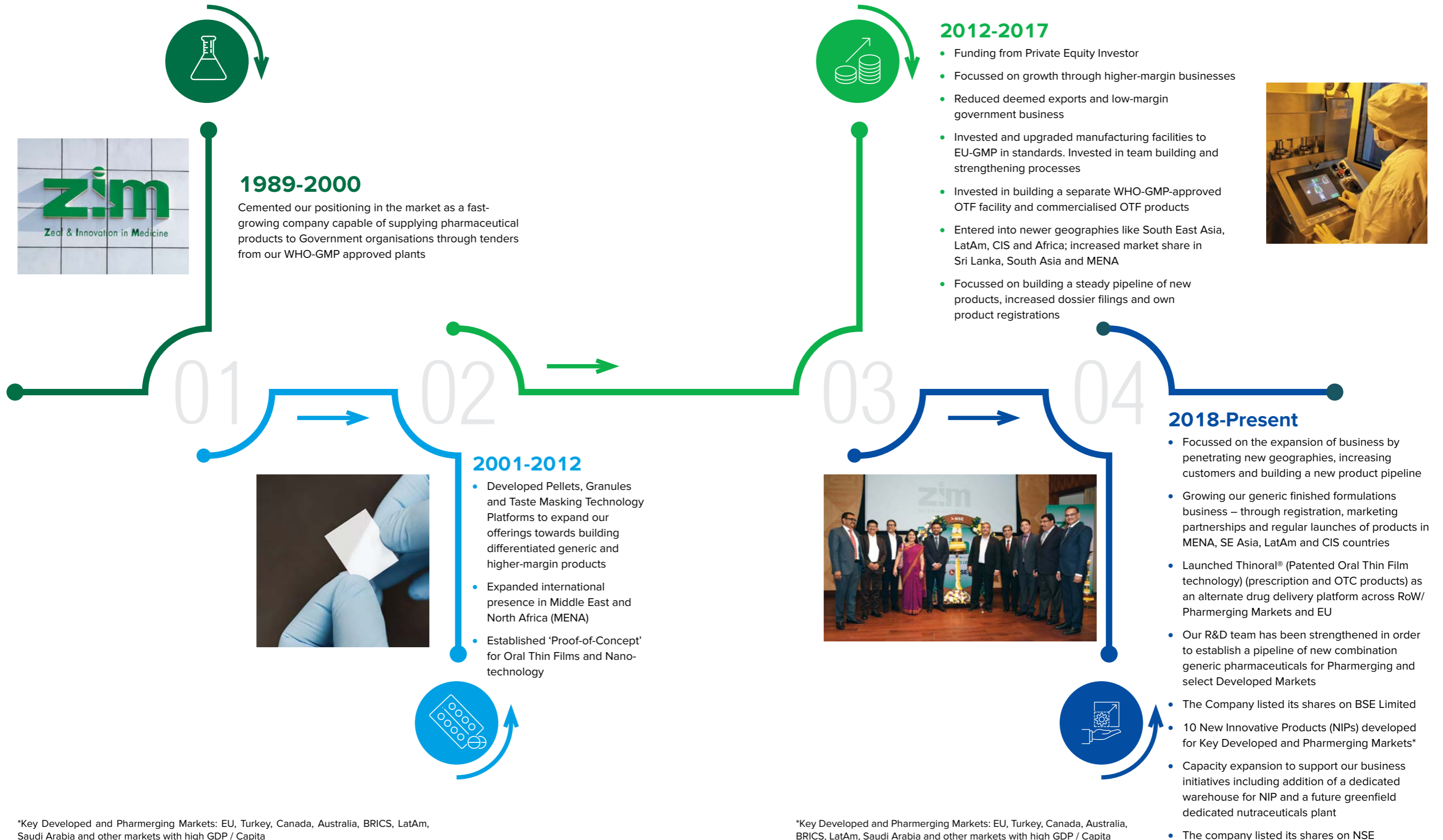
**₹ 2,003 Mn**

Net Worth

**6.6%**

% of R&D spend

# MILESTONE MOMENTS IN OUR JOURNEY



\*Key Developed and Pharmerging Markets: EU, Turkey, Canada, Australia, BRICS, LatAm, Saudi Arabia and other markets with high GDP / Capita

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# BUSINESS OVERVIEW

## Differentiation

Our ability to produce complex generic products as well as offer unique drug delivery technologies in oral solid dosage form ensures that we provide distinct therapeutic benefits to patients while also providing a competitive edge to our partners.

### Strong R&D Capabilities

At ZIM, the very foundation of our business hinges on a strong and experienced in-house R&D. We have an independent R&D Centre recognised by the Department of Scientific and Industrial Research (DSIR), Government of India. Our team at ZHTL (100% subsidiary) has been incorporated to accelerate our R&D efforts in product development, manufacturing and marketing complex generic and high-end Pharmaceutical and Nutraceutical products.

Under the overall guidance of Dr. Anwar Daud, ZIM's R&D team is led by Dr. Chandrashekar Mainde, a veteran R&D professional with expertise in development and dossier submission for many pharmaceutical products in the USA and EU.

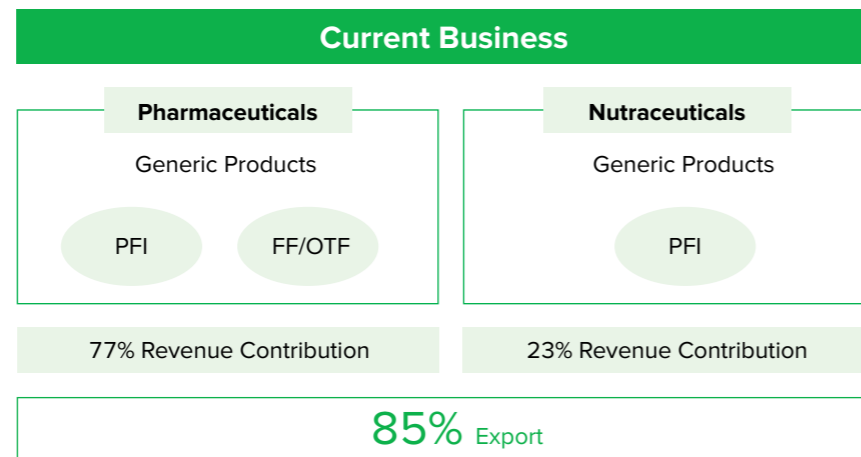
The team has the overall responsibility in ensuring transfer of technology for commercial production and business of all products and overseeing key functions of QA, QC and Operations; they also drive our co-development and license fee earnings initiative.

### Various Dosage Forms and Drug Delivery Techniques

Novel drug delivery platforms like the fast-dissolving Oral Thin Films (OTF) using our Thinoral® technology not only serves patients with special needs but are also beneficial for other groups of patients like paediatric, geriatric, dysphagic patients or patients who do not have access to water. Other delivery techniques include pellets using several release patterns (XR, IR, ER, SR etc.) capsules, DC granules, tablets, dry syrups and taste masked powders ensuring better drug efficacy, lower dosage frequency, improved bioavailability and increased patient convenience and treatment adherence.

### Manufacturing Infrastructure

We have three manufacturing units situated in Nagpur, which include the Key Oral Solid Dosage facility, OTF facility and Cephalosporin. Our Key facility and our Oral Thin Film facility are EU-GMP certified; in addition, our OTF facility is also NSF ANSI 455-2 certified for Dietary Supplements.



- Presently catering to the Rest of the World (RoW)
- Pre-formulation intermediates (PFI) and Finished formulations (FF): unique combinations of generic products with various drug delivery techniques
- High R&D focus and a strong pipeline of innovative products
- Marketing ties: local pharma companies and distributors as partners to market the products

## End-to-End Product Development Process

### Process



## Offerings

PFI	Finished Formulations	Oral Thin Films	
Pellets	Taste Masking	DC Granules	Thinoral®

## Therapy Segments

Cardiovascular	Anti-Infective	Gastrointestinal
Respiratory System	Urology	NSAID / Pain Analgesics
Vitamins and Supplements		

## Subsidiaries

Our subsidiary companies are located in India, UAE and Latvia. We enter into a joint arrangement with local partners in target markets as appropriate.

### ZIM Laboratories FZE, Sharjah, UAE 100% Subsidiary

- For Business Development and Marketing initiatives in MENA and Africa region

### SIA ZIM Laboratories Limited, Latvia 100% Subsidiary

- For Product Registrations and marketing initiatives in the EU

### ZIM Health Technologies Limited, India 100% Subsidiary

- Support services to ZIM on Overall R&D and Business related functions

### ZIM Thinorals Private Limited, India 100% Subsidiary

- Incorporated for OTF Business. Presently, there is no business in this subsidiary

# CHAIRMAN'S MESSAGE



Our ability to adapt and embrace change has been a testament to the dedication and determination of our incredible team".

## Dear Shareholders,

I am pleased to present to you the Annual Report for FY23 and hope that all our shareholders along with their families are safe and well.

The year 2022-23 was marked by continuing all-round growth for our company and our team continued to push forward with passion. Despite the global uncertainties and unprecedented challenges that came our way through the COVID-19 pandemic, we have remained resilient and steadfast in our commitment to deliver value to all our stakeholders. Our ability to adapt and embrace change has been a testament to the dedication and determination of our incredible team.



I am also happy to report that during FY23, your Company achieved the highest total income and profits in its history. Our Operating Income grew to ₹ 3,985 Mn, a growth of 19.5% compared to the previous year FY22. Our Profit After Tax increased by 67.2%; from ₹ 146 Mn in FY22 to ₹ 244 Mn in FY23. The growth in Net profit was a combined result of growth in the overall business, improved margins, and lower finance costs.

Pharmaceutical products made up 77% of our total operating income, while the Nutraceutical products contributed 23%. The proportion of exports in our business mix during 2022-23 contributed 85% to the Total Operating Income and reached ₹ 3,382 Mn; a 25.2% increase from ₹ 2,701 Mn in FY22. This year saw strong growth in both of our Pre-Formulation Intermediates and Finished Formulations business. The growth in the businesses and profitability, we believe, have emerged as a result of our continued strategic investments in key areas of R&D product pipeline, operations, registration of our innovative products into new markets like the EU, developed and pharmerging markets, and a relentless focus on innovation.

Over the last few years, we have invested in various non-infringing development and manufacturing technology platforms such as Micro-Emulsion Coating Technology (MECT), Pellet Cold Forming Technology (PCFT), Rapid Gelation Drug Release Technology (RGDRT), and Matrix Pore Forming Tablet Technology (MAPOTAB). These platforms are largely Therapy agnostic and may be used to develop unique and

differentiated Pharmaceutical and Nutraceutical products. During FY23, leveraging on these platforms, we have developed our 10 New Innovative Products (NIP) for commercialisation in the Developed and Pharmerging markets.

In pursuit of operational excellence, we have implemented various initiatives to improve productivity in FY23. Your company, during the year, incurred ₹ 261 Mn in capital expenditure. Your Company invested 6.6% of Total Operating Income in R&D costs. This included investment in BE studies, various product development studies and capital expenditure comprising of investment in state-of-the-art equipment and machinery, plant upgradation, including warehouse and in our NIP manufacturing units. These initiatives have not only strengthened our competitive position but also enabled us to be ready to deliver products and services of exceptional quality within high throughput to our customers in the future.

Innovation has always been at the core of your Company's focus, and the past year continued to reflect this trend. During this year, along with our existing Rizatriptan Benzoate MA, our Oral Thin Film Product Sildenafil Citrate 50mg ODS also received Marketing Authorisation from the EU. We have also received our first Oral Solid dosage form Marketing Authorisation in tablet form in Poland. The Company has also started to file dossiers for the NIP in EU with 2 filings done in FY23.

Going forward we will continue to be faithful to our vision while creating

unique and differentiated generic Pre-Formulation Intermediates (PFI) and Finished Formulations using innovative drug delivery techniques. We will continue to put efforts into further developing various technology platforms and process innovation. We intend to strengthen our presence in the Developed, Pharmerging and RoW markets using our existing Pharmaceutical and Nutraceutical products. We have planned 4 NIP filings in the Developed and Pharmerging markets for the year 2024. We are also working on adding business development leaders at senior level to our team for expediting the registration and marketing of the various products in the Developed and Pharmerging markets through marketing partnerships. We are optimistic about the future and in our ability to seize the new opportunities.

On behalf of the Board of Directors, I extend my heartfelt gratitude to our shareholders for their unwavering support and our dedicated 'ZIMians' for living the Company's values through their hard work and commitment. I would also like to extend sincere thanks to our customers for their trust, and our business partners and stakeholders for their support. I also wish to thank our Government, the Banks and the Administration for their co-operation. Together, we have achieved significant milestones and I am confident that our collective efforts will continue to shape a bright future for our Company.

Best wishes

**Anwar Daud**  
Chairman and Managing Director

# CHIEF FINANCIAL OFFICER'S MESSAGE



I am happy to share that ZIM Labs posted a strong performance as we continued to focus on new product development and strengthened our manufacturing and R&D capabilities".



## Dear Shareholders,

I am pleased to reconnect with you through ZIM Laboratories' Annual Report for FY23.

## Economic Overview

The global economy appears poised for gradual growth as the world steadily recovers from the Covid-19 outbreak. In spite of these signs of resilience, the broader macroeconomy continues to witness uncertainty and instability. Vaccine rollouts reduced the health burden on economies around the world, however, the emergence of new Covid-19 variants along with the Russia-Ukraine war created supply chain bottlenecks, geopolitical tensions, and diminishing fiscal support. The rising cost of living crisis, skyrocketing fossil fuel prices and supply chain disruptions prompted central banks to consider policy rate changes.

India on the other hand continues to be among the fastest-growing economies despite these external exogenous shocks. Rapid vaccine coverage among a large population, a favourable business environment supported by government initiatives, the RBI's monetary policies and strong industrial output have all contributed to economic growth.

The Indian Pharmaceutical Industry is ranked third in the world. The generic drug market is expected to grow steadily over the next few years. To capitalise on India's rising prominence in the pharmaceutical sector, ZIM Labs is consistently focussing on developing value-added and differentiated generics that will offer us a competitive advantage and enhance our business performance.

## Financial Performance

I am happy to share that ZIM Labs posted a strong performance as we continued to focus on new product development and strengthened our manufacturing and R&D capabilities.

Our Total Operating Income for FY23 stood at ₹ 3,985 Mn, which indicates a YoY growth of 19.5% as against ₹ 3,334 Mn in FY22. Our EBITDA grew to ₹ 584 Mn in FY23 as against ₹ 454 Mn in FY22, reporting a growth of 28.7%. The EBITDA margin for FY23 stood at 14.7% as compared to 13.6% in FY22. Our PAT for FY23 was ₹ 244 Mn, registering a substantial YoY growth of 67.2%. We reduced our overall borrowing to ₹ 596 Mn in FY23 compared to ₹ 899 Mn in FY20, as we maintained a strong gearing ratio of 30% as of 31<sup>st</sup> March, 2023.

Export is one of the key contributors to our Company's overall revenues. The export business for FY23 amounted to ₹ 3,382 Mn, contributing to about 85% of our total operating income as compared to ₹ 2,701 Mn in FY22. The majority of the current export business comes from Southeast Asia, the MENA region and Africa.

## Poised for Long-Term Growth

We have invested 6.6% of our total operating income in R&D to help us develop innovative drug delivery solutions aimed at providing patient convenience and treatment adherence. Our in-house R&D setup provides various delivery solutions and technology platforms that are comprehensive and cover product conceptualisation, product development, clinical studies, dossiers, manufacturing, as well as supplies.

Our capex spending enabled us to initiate development of a new warehouse, new blocks to manufacture NIP, and upgradation of plant and equipment.

With consumers investing increasingly in health and wellness products, we are trying to get into marketing partnerships for our Nutraceutical range of products through B2B, B2C and e-commerce, both in the domestic and global markets.

We believe that the success of our business and organisation rests with our valuable employees. Our employees have vast experience in the fields of pharmaceutical science, technology, marketing, legal, manufacturing, intellectual property and commercialisation. By investing extensively in employee development and training as well as providing them with employee benefits, we continue to hire and retain top talent across all of our divisions.

## Way Ahead

As we enter fiscal 2024, we will continue on our journey of transformation by venturing into new markets where competition is favourable to the Company, and working on products that are new and complex. We will leverage our R&D capabilities, domain expertise, manufacturing prowess and innovation to create value-added and patient-centric products.

I would like to take this opportunity to thank our shareholders for all their support during difficult and challenging times. I express my gratitude to all stakeholders who have shown their confidence in us. I look forward to their ongoing support, advice, and long-term collaboration as we work to provide accessible, high-quality drug delivery solutions.

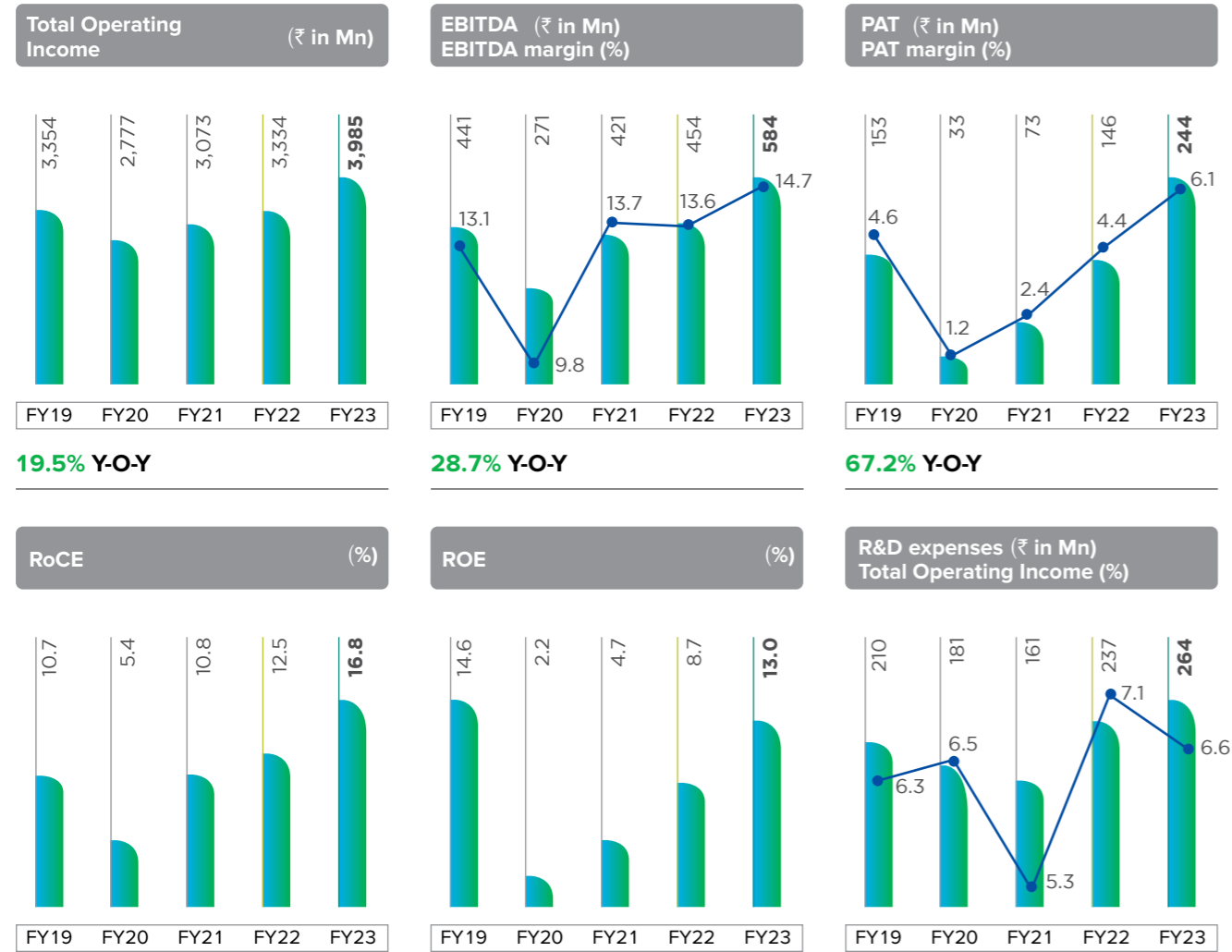
Best wishes

**Shyam Mohan Patro**  
Chief Financial Officer

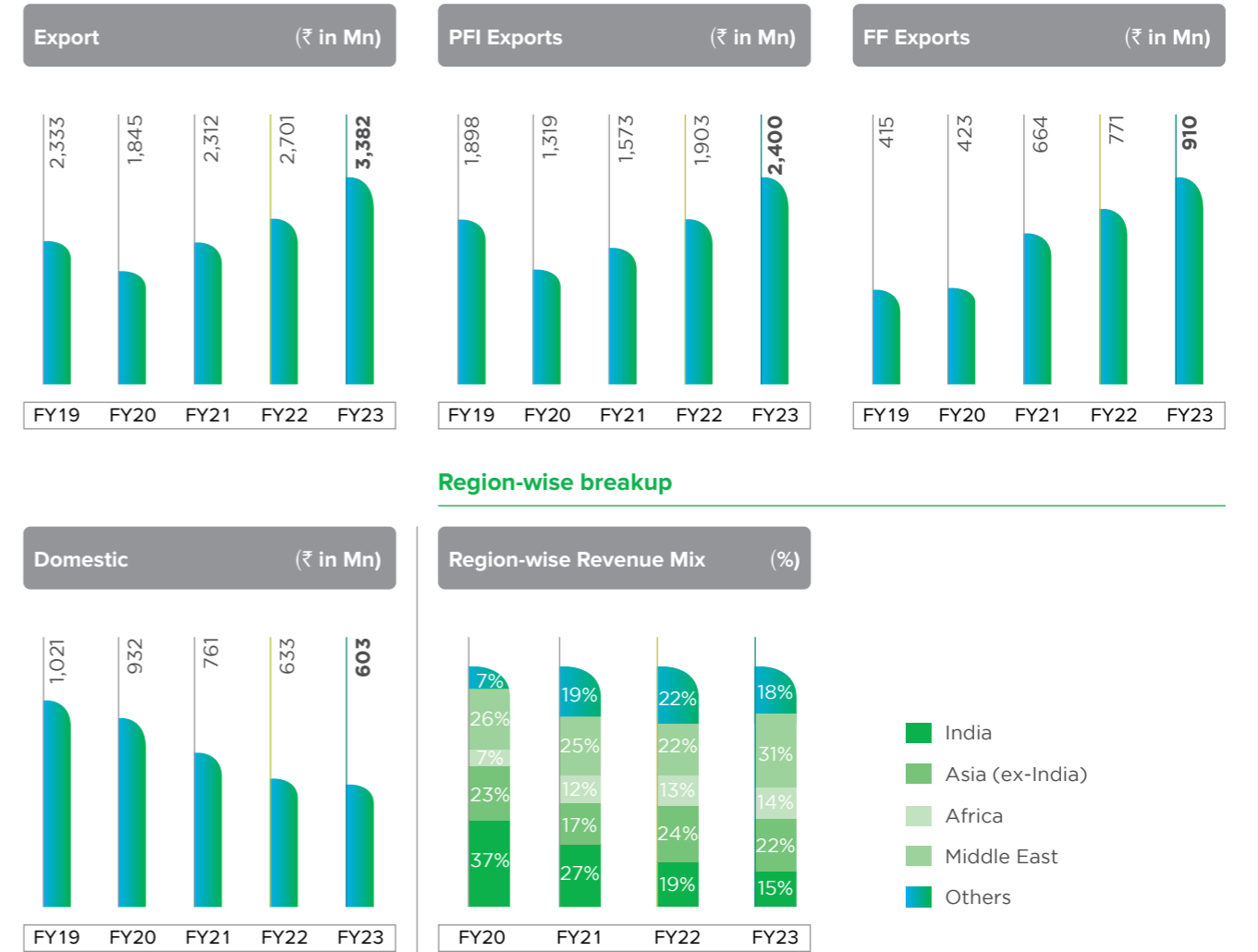


# KEY PERFORMANCE HIGHLIGHTS

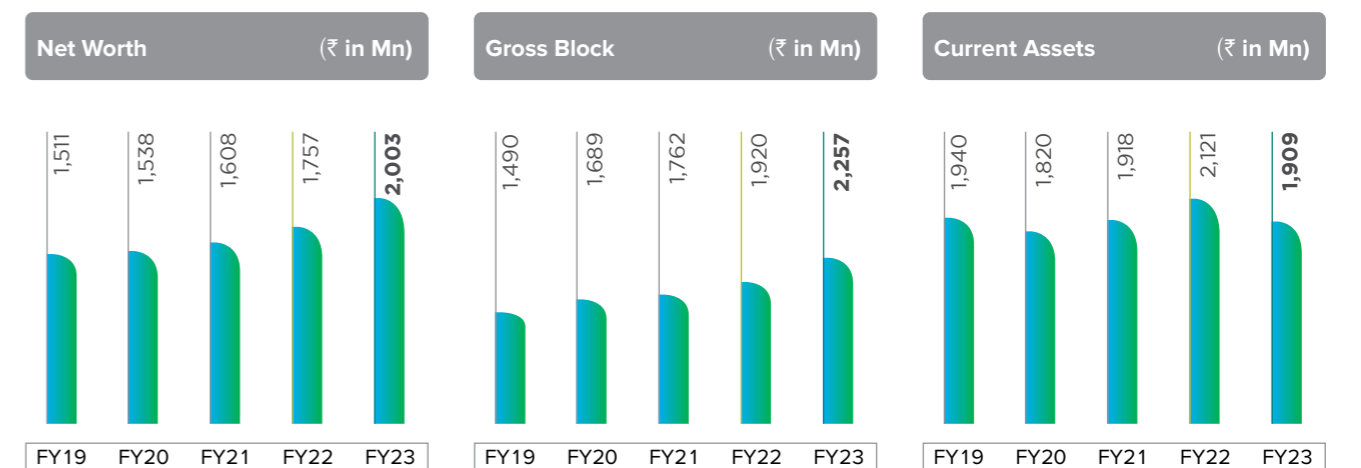
## Financials



## Business-Wise Performance



## Balance Sheet indicators



# PHARMACEUTICALS - OFFERING INNOVATION AND DIFFERENTIATION

Our focus is to enter Key Developed and Pharmerging Markets\* with our Pharmaceutical product line consisting of our New Innovative Products (NIP) and existing RoW products. We are driving growth by scaling investments and product portfolios with a focus on patient convenience and adherence using innovative drug delivery solutions.

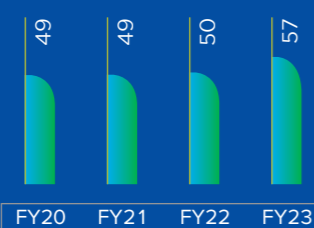
### Current Business

ZIM offers a wide range of differentiated generic Pharmaceutical Pre-Formulation Intermediates (PFIs) in the form of Pellets (with different release patterns), DC granules, and Taste masked powders. The PFI exports are on a non-exclusive basis and the arrangements for PFI exports are based on deep-rooted, long-term relationships with our partners. Key regions for PFI business are Asia, MENA and Africa.

For Finished Formulation (FF) business, we partner with local distributors who market ZIM branded FF products or

with local companies who market these products under their Marketing Authorisation (MA) using ZIM's dossiers. These agreements are generally licensing and manufacture/

### % Concentration of Top 10 Pharmaceutical Products (%)



supply. ZIM licenses its products dossiers on a non-exclusive basis; we can also file these dossiers under ZIM's MA in partner countries. Our FF offerings are in the form of tablets, capsules (pellets in different release patterns), dry syrups and Oral Thin Films (Oro dispersible and Oro mucosal). We currently cater to the Asia, MENA, Africa and EU markets. We are also consolidating our top differentiated product offerings to improve economies of scale and strengthen the core business.

### Dossier upgradation of RoW products

We are in the process of upgrading dossiers for our top selling products in the RoW markets with the aim of marketing these products in Key Developed and Pharmerging markets\*. These products will be marketed as Finished Formulations (FF) in most countries on a non-exclusive basis; we will supply these products as PFI where FF may not be possible due to government regulations or other factors.

### Revenue Highlights FY23

**₹ 3,082 Mn**  
Revenue

**77%**

Contribution to Total Operating Income



\*Key Developed and Pharmerging Markets: EU, Turkey, Canada, Australia, BRICS, LatAm, Saudi Arabia and other markets with high GDP / Capita

### New Innovative Products (NIP)

ZIM has developed an exclusive pipeline of New Innovative Products (NIP), which are complex generic products using non-infringing development and differentiated drug delivery. We have developed 10 NIP, which are currently under various stages of dossier completion and registration. We have already filed 2

products under ZIM's name in the EU market; Product 1 – Urology, Product 2 – Gastro-intestinal.

4 NIP (Therapeutic Segments: Anti-Coagulant, CNS, Urology, and Rheumatoid Arthritis) filings targeted for FY24 are now completing BE studies, and dossiers for these

products are expected to be ready for filing in the EU and other Target Markets in FY24. Some NIPs already filed in the RoW markets. The licensing fee (licensing agreements) and subsequently the manufacturing and supply deals would be the key revenue sources for NIP.

Products	Therapeutic Segment	Global Market Size (USD Mn)	Ex USA Market Size (USD Mn)	Remarks
Product 1	Urology	417	405	2 filings in EU done in Q4FY23; for other Target Markets thereafter
Product 2	Gastrointestinal	3,281	601	
<b>Total</b>		<b>3,698</b>	<b>1,006</b>	

Products	Therapeutic Segment	Global Market Size (USD Mn)	Ex USA Market Size (USD Mn)	Remarks
Product 3	Anti-Coagulant	1,631	1,176	Filings for Registration in EU and Other Target Markets planned in FY24
Product 4	CNS	2,944	1,445	
Product 5	Urology	2,710	448	
Product 6	Rheumatoid Arthritis	3,651	653	
<b>Total</b>		<b>10,936</b>	<b>3,722</b>	

## Business Highlights

### Moving up the Product Value Chain: Developing Value-Added Generics

10 New Innovative Products (NIP) in various stages of development; 2 NIP filed in EU under ZIM's name

### Strong and Experienced R&D; Multiple BE Studies and Dossiers

Comprehensive Dossiers for Key Developed and Pharmerging Markets; Multiple in-house technology platforms; 6.6% of Income invested in FY23

### Upgradation of Plant and Equipment : Specific manufacturing units for NIP

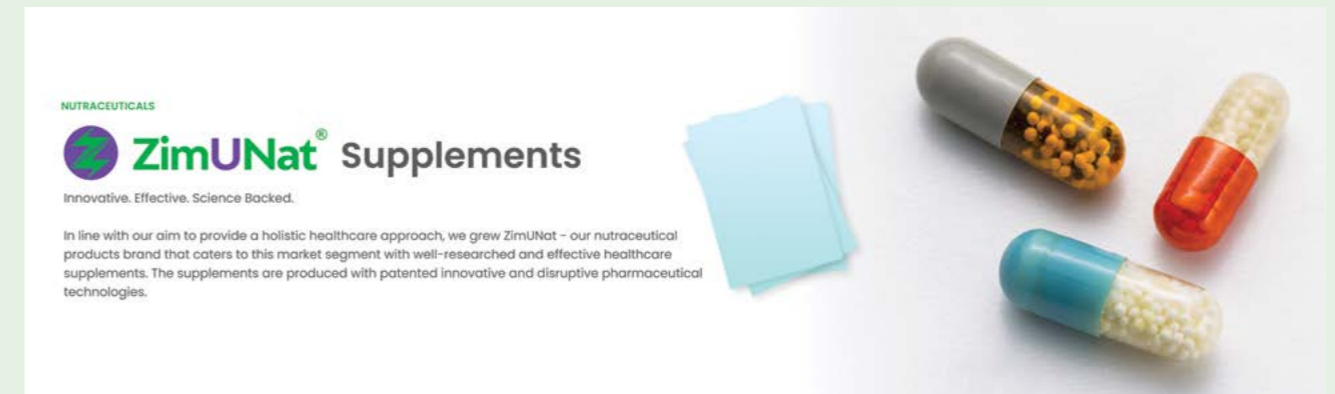
₹ 261 Mn Gross Block added in FY23; ₹ 618 Mn invested over last 4 years

### Growing Registrations

56 Dossiers filed for registration & 44 products received registration during FY23; 5 Marketing Authorisations received on ZIM's Dossiers in EU in FY23

# NUTRACEUTICALS

Our Nutraceutical business stems from our supply of certain unique PFIs developed specifically for our PFI clients to meet the needs of their local markets; this business has been growing steadily and our supply of PFI for nutraceutical products will continue. In addition to the PFI products, we have also developed Finished Nutraceutical Formulations that are being targeted for exports as well as for sale in the domestic retail market. We are developing Nutraceutical products that leverage on our various platform technologies to provide combination products that are unique and differentiated, which position our Nutraceutical products as supplement to some of the pharmaceutical products that we supply in key therapeutic areas. This will be a “total cure” approach for patients who may use these for products as after recovery support.



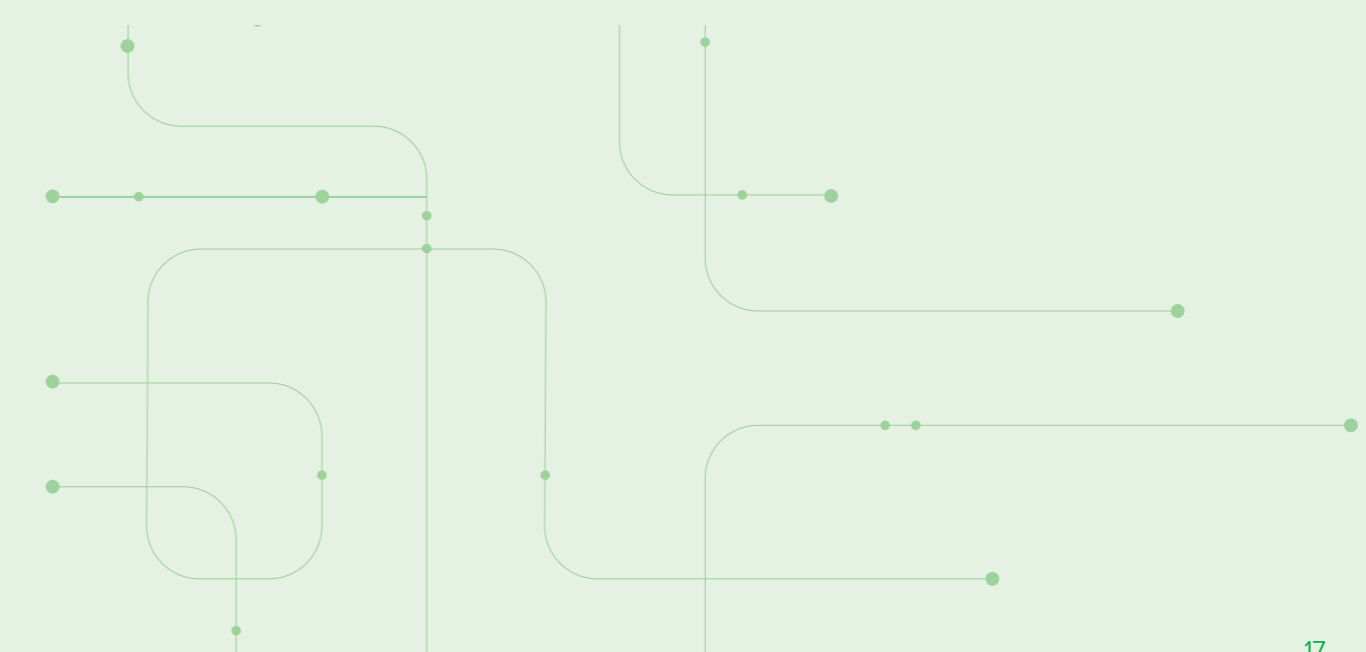
### Leveraging in-house R&D technologies

In keeping with our mission of delivering a holistic healthcare approach, we launched ZimUNat, our Nutraceutical products brand that offers well-researched and effective healthcare supplements. Through ZimUNat®, we develop unique and differentiated healthcare supplements that support overall health in categories like eye care, nausea and motion sickness, cognition, blood sugar support, pre-menstrual support, anti-ageing, iron deficiency, and liver protectant, among others. We've also created several intriguing products that would be limited to a few therapeutic niches.

### Marketing Initiatives

The FF products will be marketed by our marketing team to distribution and marketing partners across markets. In India, marketing will be through the on-line / e-commerce mode; a specific web portal is being developed under ZIM for integrating this business with aggregators and the online ecosystem; support of distributors may be taken as required.

In USA, it will be through the Over The Counter (OTC) route (like Melatonin OTF) and also through channel partners.



# ORAL THIN FILMS - CHANGING THE FUTURE OF THE NOVEL DRUG DELIVERY SYSTEM (NDDS)

The OTF market is expected to surpass USD 7.1 Bn by 2031, rising at an 8.47% CAGR between 2023 and 2031, with growth expected in specific therapeutic categories. Oral Thin Films provide more flexibility and comfort while also ensuring patient compliance. Thin taste masked films are employed for administering medications orally that dissolve when they come into contact with a wet surface, such as the tongue.

### Innovation at its prime - new drug delivery system to revolutionise the mode of drug administration.

- Oral thin films are divided into 2 categories –
- a) Oro dispersible films: Oro dispersible films are non-mucoadhesive and are designed to break down immediately upon contact with saliva.

### Thinoral® Technology:

ZIM's in-house Patented Thinoral® technology yields instantly wettable, rapidly dissolving, non-sticky, non-tacky and non-curving films. Drug loading can be as high as 50-60 mg of the active drug. Thinoral® films are flexible and offer ease of storage and transportation. Several Pharmaceutical and Nutraceutical products have been developed, registered, and marketed using the Thinoral® technology.

- b) Oromucosal films: Oromucosal films are placed either onto or under the tongue, or on the inside of the cheek. As mucoadhesive, they are designed to adhere to the inside of the oral cavity and release drugs slowly across the mucous membrane (i.e., under the tongue or through cheek) directly into a patient's systemic circulation.

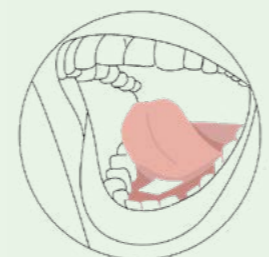
### Mucostrip®:

Our Mucostrip® technology yields a distinctive dosage form, that is not to be swallowed but simply placed on the tongue with no water required for medicine administration. Mucostrip-OTF offers hassle-free administration to non-cooperative patients with its convenience of administration anywhere, anytime. It also offers good taste, better palatability, is highly portable and its distinctive dosage form assists better compliance by geriatric patients on multiple drug regimen.



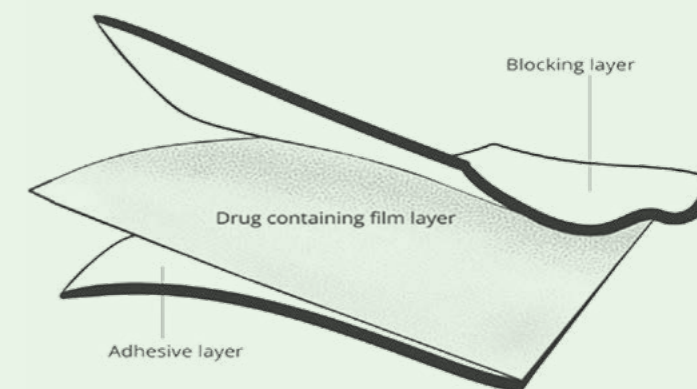
### Sublingual:

The drug is administered by placing it under the tongue. The sublingual route facilitates rapid absorption of the drug into the systemic circulation.



### Bilayer Oral Thin Film Layer:

This technology reduces the pill burden for patients as two or more Active Pharmaceutical Ingredient can be administered in a single FDC (Fixed Dose Combination). One adhesive layer ensures drug release through the buccal mucosa and the backing layer avoids drug release in the oral cavity.



*In rare circumstances, this manufacturing technology has been enhanced for the delivery of liquid actives, expanding the spectrum of applications for the Thinoral® technology platform*

Further along, our technological development strategy has evolved to encompass a wide range of technologies that complement our OTF platform for drug content uniformity and are suitable for combination drug administration, such as:



### Spinoral®

A combination of nanotechnology and Thinoral® Technology is used to improve the bioavailability of poorly soluble drugs and targeted for crystalline APIs.



### Printoral®

This technology is used for drug content uniformity and improving yield of controlled drugs (Opioids) and other potent drugs and is suitable for combination drug delivery.



### Non-invasive sublingual spray

This is an alternative to injectable which deliver large molecules like peptides and for hormonal therapy. The oral spray works as a form of drug delivery and the proof of concept has been completed.

Further, our R&D team has 8 Patents that have been granted and 14 under examination.



**1. RoW market Trail – OTF products registered and commercialised**

- Our OTF technology (Thinoral®) provides alternate dosage form for highly potent and low dosage Pharmaceutical, Nutraceutical, and OTC products
- 12 products are registered and commercialised in the RoW markets using the OTF dosage form
- Other products - Melatonin, Ondansetron, Vitamin D3, Methylcobalamin, Levocetirizine, Sildenafil, Tadalafil etc. in various strengths have also received approvals and been commercialised across ROW

**2. EU and Pharmedging markets – centre of expansion**

- 2 MA (Marketing Authorisations) received for EU; Rizatriptan and Sildenafil; In addition, Tadalafil OTF has also been filed for Registration in EU
- Our partners received 4 Marketing Authorisation in the Netherlands, Croatia, Czech Republic and Malta

for marketing Sildenafil Citrate 50 mg ODS on ZIM's Dossiers


- Our Marketing partner in Canada has filed for registration on ZIM's dossier for Antiemetic product (In Orally Disintegrating Strip form)
- We successfully launched Vitamin D3 ODS combination products with our partner in Italy; 3 Rx product registrations filed by our partner in Italy on ZIM's dossiers
- Opioid Analgesic product (In Sublingual film form), co-development project completed successfully & final dossier has been submitted by our Business partner to Health & regulatory authorities in the EU
- Our OTF plant is EU-GMP and NSF ANSI 455-2 accredited and scalable for business across markets
- We want to introduce and market our OTF products in the developed and emerging markets
- We hope to receive a large portion of our orders and revenue from the EU in FY24

- We aim for Manufacturing and Supply agreements to follow after registration


**3. Aspiration to enter the USA – largest market for OTFs**

- The largest share of the OTF products market is in the USA; our aspiration will be to enter the USA over time
- In Phase 1, the focus is to register the OTF products in our Target markets with potential to sell on an Rx and OTC basis through marketing partners. Simultaneously, we will also attempt to launch the OTF Nutraceutical (non Rx) products in the USA alongside partners through marketing tie-ups
- In Phase 2, we have plans to endeavour and register our OTF products in the USA, likely in partnership with USA-centric marketing companies

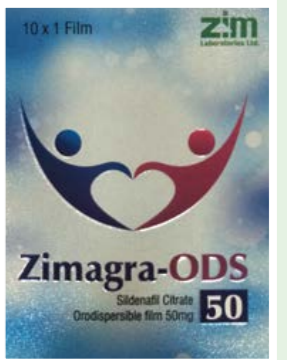
**Some Key Pharmaceuticals under ZIM's Brand**




ZIMFIL-ODS 10




NEUROTHIN



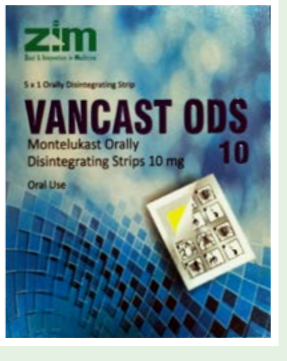
ZIMAGRA-ODS



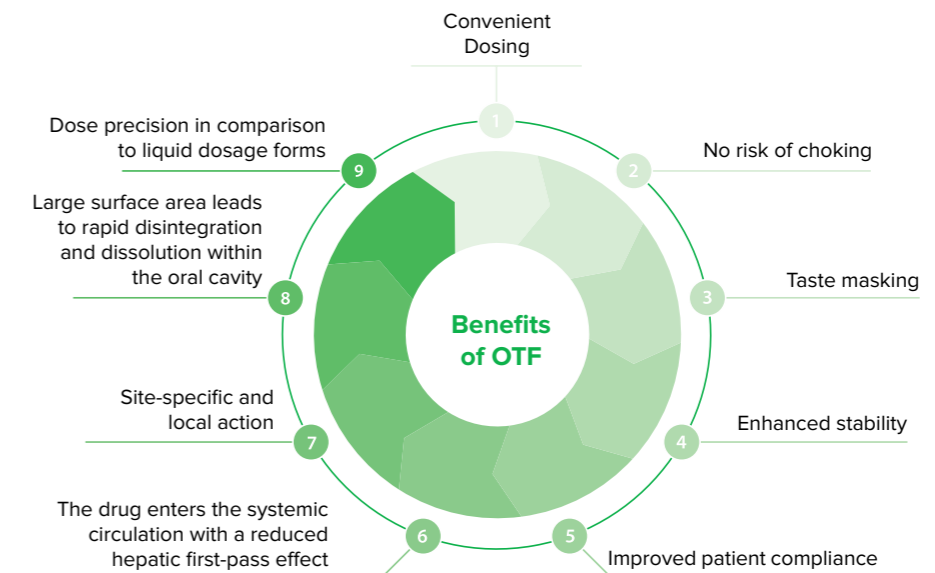
ONDANSET ODS 8



CETRIZIM L ODS



VANCAST ODS

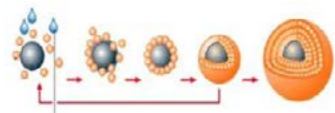


# DRIVING INNOVATION THROUGH R&D AND TECHNOLOGY PLATFORMS

At ZIM Labs, we are committed to providing unique drug delivery solutions that have been developed via intensive research by our devoted R&D team. We are influenced by emerging technology to provide products that render healthcare more affordable, accessible, and convenient for patients.

## 1. Innovative Technology Platforms and Drug Delivery Formats – fundamental value adding step

- At ZIM, we offer differentiated generics with innovative drug delivery solutions



**a) Pellets with different release forms:** Multi-particulates offer better control over the release profiles of drug molecules and are therefore preferred for the design of modified release dosage forms, which include Extended Release (ER), Immediate Release (IR), Sustained Release (SR), Prolonged Release (PR), Controlled Release (CR), Target Release (TR), and Delayed Release (DR).

**b) DC (directly compressible) Granules:** These are just one step away from getting converted into end products (tablets) and can be directly compressed into tablets with minimal challenges at any manufacturing facility.



**c) Taste Masking:** We have mastered the art of masking the taste of bitter molecules without affecting their dissolution profile or bioavailability while maintaining adequate shelf life.



**d) Thinoral® Technology:** Our technology yields instantly wettable, rapidly dissolving, non-sticky, non-tacky, and non-curving films with a drug load as high as 50-60 mg of the active drug.

- We shall continue to focus on the NDDS Segment through continuous innovation and development of the non-infringing technology platforms and supplying high quality products
- Our New Innovative Products are developed using our proprietary, non-infringing development and manufacturing processes by leveraging robust technology platforms which include:



- Micro-Emulsion Coating Technology (MECT):** Used for solubilisation of oil soluble drug, liquids in oil phase and subsequently, micro emulsifying with aqueous phase containing polymer to coat over the substrate.
- Pellet Cold Forming Technology (PCFT):** Used for heat sensitive material which either loses its potency or transform into another form for processing at normal temperatures.

iii. **Rapid Gelation Drug Release Technology (RGDRT):** Used for release of drug in pseudo zero kinetics and is also an alternative to OROS® technology.

iv. **Matrix Pore Forming Tablet Technology (MAPOTAB):** Used for release of drug through pores into an aqueous media

- Analytical approaches are employed for drug development and research, significant therapeutic areas have been identified and a seamless product development framework has been established

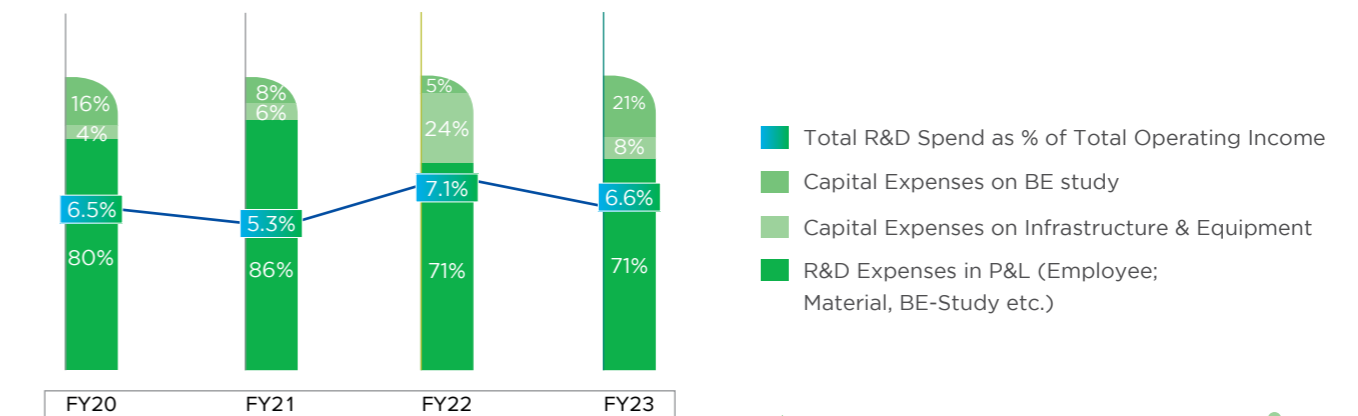
## 2. Investment in Team and Patents – enhancing invention

- Through our independent R&D Centre, which is recognised by the DSIR, Government of India, we develop differentiated generics using novel process technologies
- ₹ 843 Mn spent over last 4 years on Opex, Facility and BE studies
- Our current team consists of 89 members; 4 PhDs, 71 Post graduates
- We have received grants for 11 patents; 65 patents applications have been submitted
- Our knowledgeable R&D team includes specialists from the Pharmaceutical and Nutraceutical industries

## 3. Manufacturing Process Capabilities



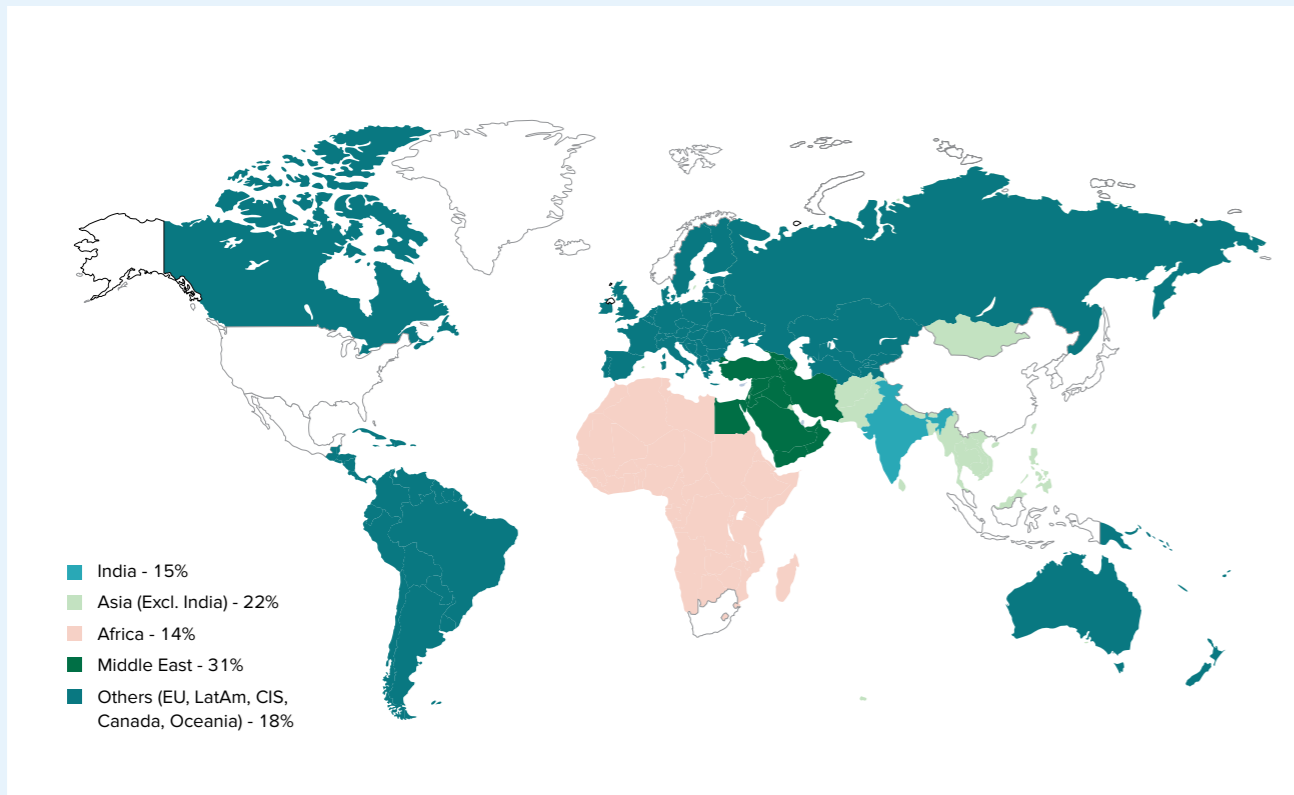
## R&D Expense Mix % Total R&D Spend as % of Total Operating Income



# STRENGTHENING MARKET PRESENCE

We continue to assess potential for long-term business growth and achieving our objective of providing exceptional healthcare through innovative drug delivery technologies. New technologies and comprehensive treatment approaches, product development needs, and changing market trends drive our strategic initiatives.

## Region-Wise Revenue Mix FY23



## Marketing Initiatives

We have dedicated marketing teams for specific markets such as LatAm, CIS, Asia, Africa, and the Middle East.

- Our Pre Formulation products are registered by our clients for marketing in their respective markets with MA and Brands in their names
- Our Finished Formulations products are registered in

ZIM's name and we enter into marketing tie-ups with local distributors and marketing companies for launch of these products in local markets; brands may be registered by us or our partners on case-by-case basis

- We have International marketing offices in Latvia and Vietnam for registration, marketing, regulatory and administrative support for

our marketing initiatives in EU and Vietnam respectively. We have plans to add more local marketing support for EU and some other key markets

- "Feet on street" marketing by local partners, marketing companies and distributors

# EXPANDING INFRASTRUCTURE TO FORTIFY STRENGTHS

We have internationally accredited, state-of-the-art manufacturing facilities that integrate technology seamlessly for cutting-edge manufacturing. We have three manufacturing blocks (General, Cephalosporin and Oral Thin Films) located in Nagpur. We leverage our multi-decadal knowledge and manufacturing capabilities to develop innovative and niche products at cost-effective prices allowing us to remain competitive in the global pharmaceutical market.

## 1. Manufacturing Infrastructure

Our three state-of-the-art manufacturing units situated in Nagpur enable us to develop and deliver quality products at cost-effective prices that increase our competitiveness in the global market.

### Manufacturing Prowess

#### Oral Dosage (General)

**Manufacturing Capabilities:** Tablets, Capsules, DC Granules, Pellets and Dry Syrup  
**Accreditations:** EU-GMP, ISO-9001  
**Area:** 1,00,000 sq. ft.

#### Oral Thin Films

**Manufacturing Capabilities:** Oral thin films  
**Accreditations:** EU-GMP, ISO 9001, NSF-ANSI 455-2  
**Area:** 6,300 sq. ft.

#### Solid Oral Dosage (Cephalosporin)

**Manufacturing Capabilities:** Tablets, Capsules and DC Granules  
**Accreditations:** WHO-GMP, ISO 9001  
**Area:** 16,000 sq. ft.

## 2. Capacity Upgradation and Expansion – catering to growing business needs

- We have invested ₹ 618 Mn as Gross Block during the last 4 years to expand and upgrade our manufacturing units, utility, and other support facilities to be capable of manufacturing leading pharmaceutical products
- New warehouse and new NIP product manufacturing units are under construction; these are within our existing facility and will support our growing Finished Formulation business and be used to manufacture our planned NIP products

- A separate Nutraceutical facility in a separate location is being added to meet growth in business; land has been acquired and specific permissions are being sought to start construction
- Our existing facility has been expanded and upgraded; it has spare capacity to cater to our requirements for growth in the RoW business; combined capacity from the above will be adequate for growth planned over the next few years

## 3. Funding Plans – debt and internal generation

- We expect to meet the funding needed for the warehouse and the NIP manufacturing facility through internal generations
- Funding for the Nutraceutical facility will be met through a combination of debt and internal generation
- We do not estimate to have any equity dilution to meet the funding for the above planned projects

# GROWTH STRATEGY

We believe the rapid convergence of science and technology in the global pharmaceutical market provides significant opportunities for us. We continue to focus on the development of innovative and differentiated generic products across various dosage forms for Pharmaceuticals and Nutraceuticals across Key Developed and Pharmerging Markets.\*

## Outlook



### Pharmaceuticals

- We will continue to focus on our transformational growth journey
  - The pharmaceutical business will continue to contribute over 75% of our overall operating income, the balance coming from Nutraceutical business
  - The building blocks of the healthcare industry and our business remain intact. We may see some headwinds in the near term on account of adverse geo-political issues, inflation and foreign currency related issues in certain markets that may mute near-term demand
- Any delays in obtaining product registration, plant accreditations, marketing tie-ups may also delay the launch of our various products.



### Nutraceuticals

- We will leverage on our core R&D strengths in the pharmaceutical business to develop a basket of differentiated and unique Nutraceuticals products that complement our pharmaceutical products in key therapeutic segments thus providing a holistic approach to patient health
- Our efforts will be to enter into partnerships for marketing the Nutraceutical range of products; we will also enhance our marketing efforts in B2B and B2C / E-commerce space in the domestic and global markets for supply of unique products under white label or through our own brands
- We have plans to invest in a new manufacturing facility to cater to the growing needs of this segment

## Focus FY24



### Research and Development

- Enhance the product pipeline
- Invest in BE studies and increase the number of new dossiers for Developed and Pharmerging Markets
- Upgrade our Dossiers for resubmission in RoW markets



### Capital Expenditure

- Pace our growth capital expenditure in line with market conditions
- Complete our new Warehouse project and specific units being set up for NIP
- Set up a new Nutraceutical manufacturing facility

\*Key Developed and Pharmerging Markets: EU, Turkey, Canada, Australia, BRICS, LatAm, Saudi Arabia and other markets with high GDP / Capita

## Focus FY24



### Marketing

- Strengthen the Marketing Team with experienced professionals
- Open local offices and onground support system in some of our key markets
- Enter into partnerships in select markets for product registrations and commercial launches



### Operations and Quality

- Complete successful Audits as per the plan
- Upgrade the plant & equipment to increase productivity, reduce wastage
- Further automate the processes and reduce the risks





# SUPPORTING AND TRANSFORMING COMMUNITIES THROUGH CSR

At ZIM Labs, it has been our endeavour through the CSR arm of the Company to focus on giving back to society and thereby, empower vulnerable and marginalised communities. We have partnered with various NGOs, government and implementing agencies to create a positive social impact. Being a part of the pharmaceutical fraternity, we have also offered financial assistance in organising India's largest pharmaceutical conclave. We believe knowledge dissemination through such conclaves is important to increase awareness on the latest developments in the pharmaceutical landscape.

## Our CSR Activities:

### Knowledge Sharing through Indian Pharmaceutical Congress (IPC)

India's largest conclave organised by the Indian Pharmaceutical Congress Association (IPCA) and the Department of Pharmaceutical Sciences, Rashtrasant Tukadoji Maharaj Nagpur University took place in January 2023. The theme of the Conclave was "Access to Quality and Affordable Quality Products". ZIM Labs offered financial assistance to this event which was utilised for knowledge sharing through scientific sessions, poster sessions, oral scientific sessions, education, career planning, and spreading awareness on the latest medical technologies. The attendees gained awareness on affordable access to safe and effective medicines and health products, knowledge about right to health, career planning and employment opportunities, and knowledge about the latest medical products and technologies for medical care.



### Restoring the Ecosystem

In association with the CHIP Foundation (Children in Pain), ZIM Labs extended support to a pilot programme called "Nisargvedh" at Wakeshwar, Nagpur, Maharashtra to create a one-of-a-kind biodiversity restoration mission. Land is ecologically restored through numerous processes such as boosting soil moisture by ensuring rainwater percolation, planting native trees, shrubs, and grass species, and protecting land from forest fires.



### Impact

In addition to ensuring clean and fresh air, this would help the CHIP foundation plant, care for and save trees along with offering:

1. Economic opportunity to local people
2. Better local climate regulation
3. Wild life conservation
4. Conservation of water and soil

## Supporting Education

### Round Table India Trust (RTIT)

RTIT is a non-sectarian and non-political volunteer leadership program of young and successful professionals who wish to make a difference to society. We helped RTIT build two classrooms at the Maharashtra Adhyayan Vidya Mandir, Nagpur, Maharashtra as part of the "Freedom through Education" (FTE) project.

### Millat Education and Social Welfare

Millat Association is a registered society based in Nagpur, Maharashtra. The Society works towards the educational and social welfare of economically backward communities. ZIM Labs made a contribution by volunteering to cover the salary of the teaching and non-teaching staff of Millat Urdu Primary and High School.

## Providing Clean and Safe Drinking Water

New English High School located near Kalmeshwar, Maharashtra has 1,465 students. ZIM assisted in installing a water cooler providing access to clean and safe drinking water

1,465  
Students



## Upgrading Infrastructure at Rural Hospital, Kalmeshwar

We provided financial assistance in upgrading the infrastructure at the rural hospital at Kalmeshwar, Maharashtra to improve the overall patient experience and convenience at the hospital as it catered to the healthcare needs of locals and villagers living nearby.

# PROFILES OF BOARD OF DIRECTORS



**Dr. Anwar Siraj Daud**  
Chairman and Managing Director

Dr. Anwar Siraj Daud is an M. Pharm and PhD in pharmaceutical chemistry and pharmaceuticals respectively. He began his professional journey in 1981 and is the promoter of ZIM Laboratories Limited.

Dr. Anwar Daud has been responsible for the overall growth of ZIM into an R&D based pharmaceutical manufacturing company that supplies medicines to more than 50 countries worldwide adhering to the strictest standards of quality. His keen interest in research and innovation has led ZIM to develop several innovative process technologies for manufacturing novel delivery systems and differentiated products. He has been actively involved in international pharmaceutical markets, business strategy, business development and research and development functions in the Company.

He is associated with several professional bodies and continuously works for raising the standards of the pharmaceutical profession in India. He has been felicitated time and again, by various organisations for his contributions towards industry and society.



**Mr. Zulfiqar Kamal**  
Director - Finance

A Chartered Accountant, Zulfiqar Kamal has been associated with the Company for over 25 years. He has been on the Board of Directors since 1991. With his financial acumen, refined over an experience of more than three decades, he brings to the table the financial discipline and control necessary for a growing organisation like ZIM Labs. In his current role as Director – Finance, Mr. Kamal oversees the commercial operations of the Company. He envisions ZIM Labs to be a financially efficient organisation known for its operational efficiencies and technological process.



**Mr. Niraj Dhadiwal**  
Director - Business Development

Mr. Niraj Dhadiwal is a pharmacy graduate with a diploma in business management and has been with the Company for nearly three decades. He started his career with ZIM Labs as a production officer in 1991, rising through ranks to his current position of Director. With his keen business acumen and technical knowledge, Mr. Dhadiwal has played a key role in the export-development arm of the company. His contribution to the development of overseas business stands unmatched and a testament to his foresight and ability to tap into new markets. In his current role as Director – Business Development, Mr. Dhadiwal looks after the business development and marketing functions of the Company. He envisions ZIM Labs to have a global presence with innovative and differentiated products leading to good returns for all the stakeholders.



**Mr. Prakash Sapkal**  
Director and Head – ODS Business,  
Formulations – Domestic, ROW &  
Emerging Markets.

Mr. Prakash Sapkal is a Pharmacy graduate with post-graduation in Business Administration. He is associated with the Company for 26 years starting his career as Assistant Chemist. During all these years, he has handled key operations in various capacities like Production Supervisor, Production Manager, and Vice President – Operations. His major contribution has been in assembling a team that has brought the vision of ZIM Labs to life. Always passionate about meaningful change, Mr. Sapkal believes in prioritising people and customers, and streamlining processes.



**Mrs. Kavita Loya**  
Independent Director

Mrs. Kavita Loya is a Senior Practicing Chartered Accountant with 20 years of experience. She is presently a Partner in Loya Bagri & Company, Chartered Accountants. She was a Member of Capacity Building Committee and Women's Empowerment Committee of the Western Region of ICAI, Mumbai & Nagpur. She is presently a core group member of the Bombay Chartered Accountants Society. She is on the Board as an Independent Director since the year 2017. She has an expertise in Audit, Taxation and other financial matters.



**Mr. Padmakar Joshi**  
Independent Director

Mr. Padmakar Joshi is a senior banking professional with more than 37 years of rich and multi-functional experience in areas of commercial banking. He is on the Board as an Independent Director since September 2017. He retired as Dy. Head - Corporate & SME Credit Monitoring and Debt Restructuring, Union Bank of India.



**Dr. Kamlesh Shende**  
Independent Director

Dr. Kamlesh Shende has more than 30 years of experience in the area of Regulatory Affairs in the Pharmaceutical sector. He possesses rich experience in Drug Policy matters enabling him to act as a technical consultant to various pharmaceutical companies. Dr. Shende has worked as Drugs Formulation Expert for the entire State of Maharashtra and was a member of the National Subcommittee on Formulations constituted by Drugs Consultative Committee.

Dr. Shende retired as Joint Commissioner (Drugs), Food and Drugs Administration, Mumbai. He holds a master's degree in Pharmacology and a Ph. D (Herbal Medicine) from University of Health Sciences, Nashik.



**Dr. Kakasaheb Mahadik**  
Independent Director

Dr. Kakasaheb Mahadik, a senior professional having a rich experience of more than 35 years in Research in pharmaceutical sector including Novel Drug Delivery Systems. He is an active contributor in various Pharma and Research organisations. He was a Member, Executive Council Indian Society for Clinical Pharmacology and Therapeutics as well as the Executive Committee Indian Pharmaceutical Association.

He is a member of Indian Pharmaceutical Association, IASTAM and other reputed professional bodies. He has been granted several patents and has published more than 300 Research Papers internationally and nationally. He is recipient of various awards for his contributions in the pharmaceutical research and other social causes.

Dr. Mahadik is an M. Pharm and PhD in Pharmaceuticals and also holds Ph. D in Law. He has expertise in the field of Pharmaceutical Research, Management and Administration.

# COMPREHENSIVE RESEARCH CAPABILITIES

A wholly-owned subsidiary, ZIM Health Technologies Limited (ZHTL) has been incorporated as an extended research and development unit to enhance R&D efforts of ZIM in areas of product development, manufacturing and marketing of complex generic and high-end Pharmaceutical and Nutraceutical products - particularly for the developed and Pharmerging markets.

The ZHTL team has been pivotal in enhancing the growth in ZIM's business and product pipeline over the last few years. During the FY22, with the active involvement of ZHTL team, the R&D team at ZIM has developed new innovative products and filed dossiers for registrations across various geographies. ZHTL team has been instrumental in advising the management of ZIM in enhancing the operational efficiency.

ZHTL is led by Dr. Chandrashekhar Mainde, a veteran professional in the field of pharmaceutical research and development. He has been a leader of various Technical and Business Development functions in leading Indian and International Pharmaceutical organisations. He leads a team of experienced R&D, QA, QC, RA, production professionals on product ideation, development, dossier readiness, manufacturing

and registration of new products for ZIM group.

Mr. Gautam Saigal has recently joined ZHTL Board as the Non-Executive and Non-Independent Director. Mr. Saigal is an experienced private equity investment professional who works closely with ZIM group on all strategic and new initiatives.

## 01

### Dr. Chandrashekhar Mainde

Dr. Mainde is an M. Pharm and Ph.D. in Pharmaceutical Technology from Nagpur University. He has an industrial experience of over 25 years. He heads the Company's research and development activity and advises the Company on all technical functions including Quality and Operations. He also leads certain high impact business development initiatives for the Company's regulated markets. During his long professional career as leader and team leader representing several well-known pharmaceutical organisations, he has faced around 75 Audits from US FDA, MHRA, ANVISA, TGA, EMA and other regulatory authorities. Under his guidance, over 300 products were filed to MOH Turkey along with 10 ANDA submissions to USA and 50 EU CTD dossiers to different European countries. Being the principal investigator for more than 100 Indian patents, he is also the inventor in several patents filed worldwide. Conducted more than 300 bio-equivalence studies including complex formulations and contributed to submitting around 150 ANDA in USA and several others in regulated markets.

## Board of Directors : ZHTL



**Dr. Anwar Siraj Daud**  
Non-Executive Chairman



01

**Dr. Chandrashekhar Mainde**  
CEO and Executive Director



**Mr. Zulfiqar Kamal**  
Non-Executive and Non-Independent Director



02

**Mr. Gautam Saigal**  
Non-Executive and Non-Independent Director

## 02

### Mr. Gautam Saigal

Mr. Gautam Saigal is founder partner of Pachira Financial Services LLP. He is also an advisor to ZIM Laboratories Limited. He has over 30 years of experience in financial services covering private equity investment, investment banking and advisory services. Till mid-2013, Mr. Gautam was the Managing Director of AA Indian Development Capital Advisors Ltd., advisors to the India dedicated mid-market focussed private equity fund launched by the Ashmore Group and Alchemy Partners, UK. Prior to this, he was Vice President, AIG Global Investment Group (Asia) and Co-Head of its India private equity advisory practice. Since 1997, Gautam has been responsible for leading several private equity investments and monitoring them as a Board member covering various sectors including in healthcare, financial services, telecom, energy distribution, IT services, consumer products, logistics and infrastructure. Earlier, he worked in Investment Banking with SSKI Corporate Finance. He is a Chartered Accountant and a post-graduate in Commerce from the Calcutta University. Gautam led the investment of AA India Dev Capital Fund in ZIM and was on the Board of ZIM Laboratories till mid-2013. He is presently a member of the Board of Directors of Asirvad Microfinance Ltd. and Manappuram Home Finance Ltd.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Dr. Anwar Daud

Chairman and Managing Director

### Mr. Zulfiqar Kamal

Director (Finance)

### Mr. Niraj Dhadiwal

Director (Business Development)

### Mr. Prakash Sapkal

Director and Head – ODS Business, Formulations – Domestic, ROW & Emerging Markets.

### Mrs. Kavita Loya

Independent Director

Chairperson : Audit and Risk Management Committee

### Mr. Padmakar Joshi

Independent Director

Chairman : Nomination and Remuneration Committee

### Dr. Kamlesh Shende

Independent Director

Chairman : Stakeholder Relationship Committee

### Dr. Kakasaheb Mahadik

Independent Director

Chairman : Corporate Social Responsibility Committee

## CHIEF FINANCIAL OFFICER

### Mr. Shyam Mohan Patro

## COMPANY SECRETARY AND COMPLIANCE OFFICER

### Mr. Piyush Nikhade

## BANKERS

Bank of India  
Shamrao Vithal Co-operative Bank Limited  
TATA Capital Financial Services Limited

## STATUTORY AUDITORS

### Walker Chandiok & Co. LLP,

Chartered Accountants

## COST AUDITOR

### M/s Dhananjay V. Joshi & Associates,

Cost Accountants, "CMA Pride", Ground Floor, Plot No. 6, S. No. 16/6, Erandawana Hsg. Soc., Erandawana, Pune 411 004

## INTERNAL AUDITORS

### Protiviti India Member Private Limited

## SECRETARIAL AUDITOR

### Ms. Yuti Nagarkar

Company Secretary in Practice

## REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd,  
Unit: ZIM Laboratories Limited,  
C 101, 247 Park, LBS Marg,  
Vikhroli (West),  
Mumbai - 400 083, India.  
Tel: +91 22 4918 6000  
Toll Free No.: 1800 1020 878  
Email: rnt.helpdesk@linkintime.co.in

## REGISTERED OFFICE

Sadoday Gyan (Ground Floor),  
Opp. NADT, Nelson Square,  
Nagpur - 440013.  
Tel: 0712-2981960  
Website : www.zimlab.in  
E-mail : cs@zimlab.in  
CIN: L99999MH1984PLC032172

## LEGAL CONSULTANT

Adv. Shabana Karim,  
Corporate Law  
Practitioner,  
Managing Partner -  
S. K. Law Associates

## INVESTOR RELATIONS

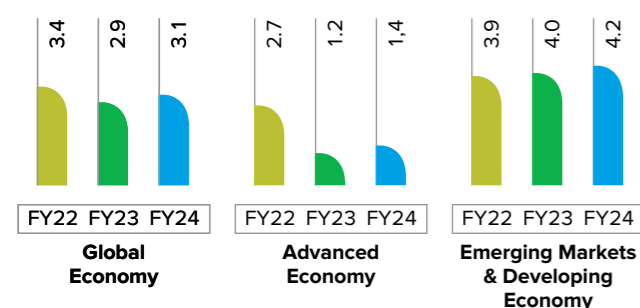
Sadoday Gyan (Ground Floor),  
Opp. NADT, Nelson Square,  
Nagpur - 440013.  
E-mail : ir@zimlab.in

# STATUTORY REPORTS

# Management Discussion & Analysis

## Global Economy Review

The global economy is witnessing signs of resilience and recovery in 2023 after the sharp economic slowdown in 2022. The slowdown is expected to be less pronounced in 2023 than previously anticipated. Challenges including geopolitical tension, the Russia- Ukraine war, supply chain disruption, higher inflation, and tighter monetary conditions impacted global economic growth in 2022. The prolonged war between Russia and Ukraine will continue to weigh on economic activity and contribute to soaring fuel and commodity prices in 2023. Notwithstanding the headwinds, the real GDP grew in the United States, the European Union, and major emerging market and developing economies. The United States economy is showing improvement with its real GDP growth at 2.1% in 2022<sup>1</sup> on the back of increased private investment, consumer spending, exports, and non-residential fixed investment. The European economy has also demonstrated resilience in 2022 with GDP growth of 3.5% in the euro area and 3.6% in the EU<sup>2</sup>. The Emerging Market and Developing Economies (EMDE) also grew at an estimated annual rate of 3.9% in 2022. The International Monetary Fund (IMF) has projected global growth to decline from 3.4% in 2022 to 2.9% in 2023 and rise to 3.1% in 2024.



(Source: IMF World Economic Outlook, January 2023)

## Outlook

Though the global economy is suffering from underlying inflation pressures, the outlook is less disappointing than previously projected. According to the IMF, global financial conditions have eased since October 2022. With the central banks' efforts to curb inflation by tightening monetary policy, inflation is projected to decline from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024. The global economy is expected to pick up modestly in 2024, as inflationary pressures will start to abate and energy markets will stabilise. Emerging

economies will dominate global economic growth in 2023. China and India will be the major contributors to the growth and will account for 50% of the global economic growth in 2023<sup>3</sup>.

## Indian Economy Review

India continues to be among the fastest-growing economies in the world in FY23. Despite external exogenous shocks, the Indian economy registered a healthy growth of 7.2% in FY23, as against 8.7% in the previous fiscal. The accelerated pace of economic reforms has led to higher and sustainable growth of the Indian economy and strengthened its position in the world.

Higher inflation remains a challenge throughout FY23. The Reserve Bank of India (RBI), in its efforts to control inflation and boost economic growth, has increased the repo rate by 250 basis points in FY23. Further, the government has allocated ₹ 10 lakh crore for infrastructure development in the Union Budget 2022-23<sup>4</sup>. As per the Budget, India's export is expected to grow at 12.5% in 2023, which will further boost the economy. Moreover, India's IIP growth of 5.2% Y-o-Y and 3.7% growth in the manufacturing sector in January 2023<sup>5</sup> present signs of optimism for the economy.

## Outlook

The outlook remains robust for the Indian economy in 2023. The IMF projects the Indian economy to expand at 6.1% in FY24 before rising to 6.8% in FY25<sup>6</sup>. The optimistic growth stems from positive factors such as the rebound of private consumption, increased production activity, rapid infrastructure development, industrial development, improvement in capacity utilisation, and revival in credit growth. However, there remains considerable uncertainty due to inflation and fragile global economic conditions. The growth-enhancing policies such as the production-linked incentives (PLI) scheme and the government's push for self-reliance and privatization will increase manufacturing capacity, boost exports, and have a multiplier effect on the Indian economy.

## Industry Overview

### Global Pharmaceutical Industry

The global pharmaceutical industry has grown rapidly in recent years and is anticipated to reach US\$ 1.5 trillion by 2023<sup>7</sup>. The volume of global pharmaceutical use is projected to grow at a CAGR of 1.6% through 2027, primarily driven by

Asia-Pacific, Latin America, Africa, and the Middle East. The growth of the pharmaceutical market in Europe is impacted by disruptions from the Russia- Ukraine war and inflationary pressures. However, pharmaceutical spending in Europe is expected to increase by US\$ 59 billion through 2027, with a focus on generics and biosimilars. The pharmaceutical market in the developed economies is projected to grow at a steady rate due to the combined effects of a relatively smaller contribution from new products and significant patent expiries and biosimilars<sup>8</sup>.

Some of the key Pharmedging markets include China, India, Brazil, Russia, South Africa, Turkey, etc. Pharmedging and lower-income countries have much lower shares of spending from originator products, with a greater focus on generics or non-original branded products, which have lower prices. Increasing healthcare expenditures, insurance policies, rise in mergers and acquisitions, aging population, high prevalence of numerous chronic diseases, growing consumer awareness, and increasing research and development are propelling the growth of the Pharmedging markets<sup>9</sup>.

The Key growth area in the pharmaceutical industry is biotech, which will represent 35% of global medicine spending in 2027<sup>10</sup> and will include cell and gene therapies and biosimilar segment. Immunology, oncology, and neurology are the fastest-growing therapy areas<sup>11</sup> and are expected to be the major contributors to the growth of the global pharmaceutical industry in the coming years. Specialty medicines will represent about 43% of global spending in 2027<sup>12</sup>. The global market for Novel Drug Delivery Systems (NDDS) is estimated at US\$ 12.7 billion in 2022 and is projected to reach US\$ 61 billion by 2030<sup>13</sup>. Conventional drug delivery systems are being replaced with advanced and modern drug delivery systems owing to their improved efficacy and accuracy. Increasing investments in the healthcare industry and the emergence of new molecular diagnostic companies are expected to be major driving factors for the increasing demand for NDDS in Europe. The Asia Pacific region, especially China and India, is expected to provide highly lucrative opportunities for the NDDS segment in the coming years aided by increasing focus on healthcare, rising investments in R&D activities, and increasing availability of modern drug delivery systems<sup>14</sup>. Further, the global Oral Thin Films (OTF) market is estimated at US\$ 3.12 billion in 2022 and is projected to grow at a CAGR of 8.7% and reach US\$ 7.19 billion by the end of 2032<sup>15</sup>.

Persistent inflationary pressures and supply chain disruptions will continue to impact the global pharmaceutical industry in 2023. Policymakers are attempting to respond to inflation crises by introducing new frameworks on the regulation of drug prices<sup>16</sup>. Further, the pharmaceutical industry is undergoing a transition due to the development of several technologies. The prominent trends in the global pharmaceutical industry include artificial intelligence (AI), additive manufacturing, block chain, new treatment modalities, and advanced digital and analytics tools such as cloud computing. Moreover, research and development processes for customised and innovative medicines have advanced significantly<sup>17</sup>.

## Indian Pharmaceutical Industry

India is the world's third-largest pharmaceutical manufacturer by volume. It is also the largest provider of generic medicines and the leading vaccine manufacturer in the world. Indian pharmaceutical industry offers 60,000 generic brands across 60 therapeutic categories and manufactures more than 500 different Active Pharmaceutical Ingredients (APIs)<sup>18</sup>. The major segments of the Indian pharmaceutical industry are generic drugs, over-the-counter (OTC) Medicines, active pharmaceutical ingredient (API)/Bulk Drugs, Vaccines, Contract Research & Manufacturing, Biosimilars, and Biologics. The Indian pharmaceutical industry is currently valued at US \$50 billion and is expected to reach \$65 billion by 2024 and \$130 billion by 2030<sup>19</sup>. The Indian pharmaceutical market grew by 8% y-on-y to ₹ 1.8 lakh crore in 2022, mostly driven by price increases<sup>20/21</sup>.

Various government schemes such as the production linked incentive (PLI) for bulk drugs, promotion of domestic manufacturing of medical devices, etc., and Strengthening of Pharmaceutical Industry (SPI) scheme have propelled the growth of the pharmaceutical sector. Other schemes like Pharmaceutical Technology Upgradation Assistance Scheme (PTUAS) and Pharmaceutical Promotion & Development Scheme (PPDS) facilitate the overall development of the pharmaceutical and medical devices sectors and promote exports. The index of Industrial production of manufacture of pharmaceuticals, medicinal chemicals, and botanical products values at 243.9 in January 2023 compared to 223.3 in January 2022<sup>22</sup>. India's pharmaceutical exports have been robust and stood at US\$ 22.96 billion in FY23<sup>23</sup>. Further, the cumulative foreign direct investment (FDI) in the pharmaceutical industry crossed US\$ 20 billion by September

<sup>8</sup> Source: IQVIA Institute Report- Global use of medicines-2023

<sup>9</sup> Source: <https://www.industryarc.com/Report/16083/pharmedging-market.html>

<sup>10</sup> Source: IQVIA Institute Report- Global use of medicines-2023

<sup>11</sup> Source: <https://www.businesswire.com/news>

<sup>12</sup> Source: IQVIA Institute Report- Global use of medicines-2023

<sup>13</sup> Source: Novel Drug Delivery Systems (NDDS): Global Strategic Business Report

<sup>14</sup> Source: <https://www.factmr.com/report/novel-drug-delivery-systems-ndds-market>

<sup>15</sup> Source: <https://www.factmr.com/report/novel-drug-delivery-systems-ndds-market>

<sup>16</sup> Source: <https://www.pharmaceutical-technology.com/pricing-and-market-access/inflation-pharma-industry/>

<sup>17</sup> Source: <https://www.pharmaceutical-technology.com/pricing-and-market-access/inflation-pharma-industry/>

<sup>18</sup> Source: <https://www.fdi.finance/sectors/pharmaceuticals>

<sup>19</sup> Source: <https://www.investindia.gov.in/sector/pharmaceuticals>

<sup>20</sup> Source: <https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals>

<sup>21</sup> Source: <https://www.fdi.finance/sectors/pharmaceuticals>

<sup>22</sup> Source: <https://pib.gov.in>

<sup>23</sup> Source: <https://www.ibef.org/exports/pharmaceutical-exports-from-india>

<sup>1</sup> Source: U. S. Bureau of Economic Analysis 2023

<sup>2</sup> Source: <https://ec.europa.eu/eurostat/documents>

<sup>3</sup> Source: IMF World Economic Outlook, January 2023

<sup>4</sup> <https://www.indiabudget.gov.in/doc/bh1.pdf>

<sup>5</sup> Source: Ministry of Statistics and Programme Implementation 2023

<sup>6</sup> Source: IMF Report- World Economic Outlook Update January 2023

<sup>7</sup> Source: <https://www.worldpharmatoday.com/news/trends-and-estimates-for-the-pharmaceutical-industry-in-2023/>

2022<sup>24</sup>. In the Union Budget 2023-24, the government has taken measures for providing investment and setting up centres of excellence to promote research and development in the pharmaceutical industry<sup>25</sup>.

Despite the challenges such as inflation, scarcity of skilled labour, supply chain disruption, intellectual property (IP) regulations and rights, the growth momentum of the Indian pharmaceutical industry is expected to continue in 2023 on the back of increasing foreign investment, rising healthcare expenditure, use of innovation and technology, and special emphasis on quality domestic manufacturing of pharmaceutical products and medical equipment.

The generic drugs market in India was valued at US \$24.53 billion in FY23<sup>26</sup>. The market is driven by factors including the increasing prevalence of chronic diseases, the government's support, and growing demand from both domestic and international markets. Small molecule generic drugs held the largest market share of 70.01% in 2022 owing to the low cost of generic drugs compared to branded drugs, affordability to the large segment of patients from middle to low-income families, and the growing population<sup>27</sup>. While R&D investment, market competitiveness, regulatory scrutiny, and domestic price regulations are expected to shape the growth of generics, concerns such as price control and high customs duties on medical equipment will continue to challenge the pharmaceutical and healthcare industry in 2023<sup>28</sup>.

### Company Overview

ZIM Laboratories Limited (hereinafter referred to as "ZIM" or "The Company") develops and supplies a comprehensive range of differentiated generic pharmaceutical and nutraceutical products in the oral solid dosage forms, both as Pre- Formulation intermediates (PFI) and Finished Formulations (FF) for certain key therapeutic segments. ZIM's core capability is built on the foundation of a strong in-house R&D setup with an experienced team, which provides various delivery solutions and technology platforms that are comprehensive and cover product conceptualisation, product development, clinical studies, dossiers, manufacturing, and supplies (end-to-end product development). The Company strives to deliver high-quality and affordable healthcare products that provide patient convenience and treatment adherence.

The Company, over the last few years, has developed a differentiated product pipeline called the New Innovative Products (NIP). These New Innovative Products (NIP), which are complex generics, have been developed using ZIM's non – infringing proprietary manufacturing processes such

as Micro - Emulsion Coating Technology (MECT), Pellet Cold Forming Technology (PCFT), Rapid Gelation Drug Release Technology (RGDRT), and Matrix Pore Forming Tablet Technology (MAPOTAB).

The Company is also concentrating on some key therapeutic areas including urology, gastroenterology, CNS, antibiotics, anti-infective, NSAIDs/pain analgesics, and vitamins and supplements. In the year 2023, the company filed 56 dossiers for registration, The Company received 44 registrations; of these 5 marketing authorizations were filed in the EU on ZIM's dossiers.

ZIM will continue to focus on entering the Key Developed and Pharmerging markets\* and for this purpose, dossier upgradation is in process for current RoW products. These products can then be filed in Key Developed and Pharmerging countries where market potential is high.

ZIM has also expanded into Nutraceuticals with the aim of creating a holistic healthcare approach with products which complement the Pharma product line. Nutraceuticals will be exported as PFI and FF products. The FF products will be marketed by the Company's marketing team to distribution and marketing partners globally. In India, marketing will be through the on-line / e-commerce mode; a specific e-commerce web portal is being developed under ZimUNat for integrating this business with aggregators and the online ecosystem; support of distributors may be taken as required. For the USA; ZIM plans to market through the Over the Counter (OTC) route and also through channel partners.

The Company has three State-of-the-art manufacturing units in Nagpur. These plants are equipped with internationally accredited infrastructure with seamless technology integration for cutting-edge manufacturing. The manufacturing facilities are EU-GMP, WHO-GMP, ISO 9001, and NSF/ANSI 455-2 certified.

\*Key Developed and Pharmerging Markets that are being targeted for registration and marketing of NIP and other products include EU, Turkey, Canada, Australia, BRICS, LATAM, Saudi Arabia and other markets with high GDP / Capita.

### Export Business

The Company's exports primarily cater to the RoW markets with key regions being Southeast Asia (SE Asia), Middle East – North Africa (MENA), and Africa. The Company's export business for FY23 was ₹ 3,382 Mn which translated to 85% of the Total Operating Income of the Company. The export business grew by 25.2% during FY23.



**ZIM's R&D centre is committed to developing unique and differentiated generics with innovative drug delivery techniques using non-infringing proprietary manufacturing processes**

The Company's export business strategy is towards gradually entering the Key developed and Pharmerging markets with its New Innovative Products (NIP) and upgraded dossiers of the existing products in high potential markets. The Company will continue with PFI to its existing partners in countries where the pre-formulation intermediates (PFI) products have demand. For all the markets, ZIM aims to enter into the Finished Formulations (FF) business model with brands in the name of ZIM Laboratories Limited, marketed by local distributors / marketing partners, in that country or supply/license ZIM's dossiers to partners who can market the products in their brand name.

The Company aims to enter into certain key developed and Pharmerging markets such as EU, Turkey, Canada, Australia, BRICS, LATAM, Saudi Arabia, and other markets with high margins. The Company's experienced Board of Directors at ZIM Health Technologies Ltd. (ZHTL, a 100% subsidiary) is responsible for the guidance and execution of its strategy to enter the key developed and Pharmerging markets.

### Outlook

The Company is striving to maintain sustainable growth and benefit from the huge demand opportunities in target markets. On the export side, the Company aims to enter the Key Developed and Pharmerging Markets with its Pharmaceutical and Nutraceutical products. Growth in business from manufacture and sale of the NIP products in the regulated markets is expected starting FY25. ZIM would also concentrate on its co-development income and licensing fees from these NIP and OTF dossiers in EU and developed markets which would aid in revenue and margin growth.

Two New Innovative Products in Urology and Gastrointestinal segments have been filed in FY23 for registration and market authorisation in the EU. Other four NIP : Anti-Coagulant, CNS, Urology, and Rheumatoid Arthritis are undergoing BE studies and ZIM has plans for filing these products in FY24 in the EU and other target markets. ZIM plans on making 10 submissions before the end of this year, mostly in the European market and certain regulated South American markets. During FY23, ZIM received marketing authorisation for Sildenafil Citrate 50mg ODS in Spain; this is along with our existing marketing authorisation for Rizatriptan Benzoate 10mg ODS in Portugal

### Domestic Business

ZIM's domestic business in FY23 had revenues at ₹ 603 Mn and comprised 15% of its Total Operating Income. The Company's domestic business includes sales to the central and state government agencies and sales through deemed exports (products billed in India for export by third parties). The government business is mainly in pharmaceutical products under the "Jan Aushadhi and Central Government Health Scheme (CGHS) scheme to Employee State Insurance Corporation (ESIC), Railways, etc., and comprise of the Company's differentiated and high margin generic products that provide certain threshold net contribution % to meet risks in fluctuating raw material prices and payment delays. ZIM's continued focus on high-margin business under central government schemes (Jan Aushadhi and CGHS – ESIC railway) resulted in an increase in the mix of this business from ₹ 168 Mn in FY22 to ₹ 200 Mn in FY23. Within the domestic business, the relatively lower net margin business from Deemed Exports has marginally reduced from ₹ 258 Mn in FY22 to ₹ 246 Mn in FY23.

In India, the Company's Nutraceutical product line is marketed by partners under their brands and directly under the Company's brand ZIMUNAT® via online platforms. ZIM plans on deepening marketing in Indian markets with Over-The-Counter (OTC) products, as well as developing and enhancing its E-commerce component for the Oral Thin Films (OTFs), Nutraceutical, and Domestic Operations.

### R&D Initiatives

ZIM's independent R&D centre recognised by the DSIR, Govt. of India, has been the core driving force of differentiated generics based on innovative process technologies.

ZIM Health Technologies Ltd. (ZHTL) has been incorporated as a 100% subsidiary to accelerate ZIM's R&D efforts in product development, manufacturing, and marketing complex generic and high-end Pharmaceutical and Nutraceutical products. ZHTL is led by Dr. Chandrasekhar Mainde (Executive Director and CEO). He is an experienced veteran in development of various finished formulations and filing of dossiers for registrations across the developed markets. The R&D team, under the guidance of Dr. Anwar Daud and Dr. Chandrasekhar Mainde, at ZHTL has been pivotal in enhancing growth in ZIM's business and product pipeline. Furthermore, the team is responsible for the guidance and execution of ZIM's strategy to enter the Key Developed and Pharmerging Markets.

ZIM's R&D centre is committed to developing unique and differentiated generics with innovative drug delivery techniques using non-infringing proprietary manufacturing processes. ZIM believes in continual investment in the R&D sector and plans to invest similar % of revenue in R&D in the coming years. In the last four years, ZIM has spent ₹ 843 Mn on opex, facility upgradation costs and dossiers. The Company has made a strong capital commitment to both the

<sup>24</sup> Source: The Economic Survey 2022-23

<sup>25</sup> Source: <https://www.investindia.gov.in/team-india-blogs/budget-2023-boosting-pharmaceutical-sector>

<sup>26</sup> Source: <https://www.techsciresearch.com/report/india-generic-drugs-market/10642.html>

<sup>27</sup> Source: <https://www.prnewswire.com/>

<sup>28</sup> Source: <https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals>

R&D and manufacturing facilities and has been able to keep its balance sheet strong.

ZIM's R&D team consists of 89 members (4 PhDs; 71 post graduate professionals) and has overall responsibility to ensure the transfer of technology for commercial production and business of all products and oversight of key functions of QA, QC and Operations. With R&D's efforts, 11 patents have been granted and 65 patent applications have been submitted. Further, 10 New Innovative Products have been developed for EU / Regulated markets. Several NIP with upcoming patent expiry are also under development.

In addition to enhancing the product pipeline, dossiers of ZIM's top-selling products in the Rest of the World (RoW) markets are also in process of up gradation and several other products have also been identified for development, registration and launch in the RoW markets. ZIM plans to on continue monetization of its technology through Co-development and licensing fees.

**Value Propositions**

The Company's value proposition is its ability to develop differentiated generic products using various non-infringing process techniques. Its core strength emerges from making these development processes into platforms which may be then used to develop multiple therapeutic agnostic competitive pharmaceutical products. The Company differentiates its business in the following ways:

**1. Non – Infringing manufacturing and development using innovative technology platforms**

ZIM's technology intends to provide innovative, new dosage forms to their business partners for premium product leadership and health solutions for their patients by giving unique and value-added generics at an affordable price. The Company develops unique drug delivery techniques using non – infringing proprietary manufacturing processes. Dosage forms include pellets, tablets and Oral Thin Films.

ZIM's R&D team has developed Thinoral® technology which enables in house manufacturing of Oral thin films. It's an alternate dosage form for high potency, low dose pharmaceutical products especially for paediatric, geriatric, mentally challenged, and palliative care patients, as taking oral solid doses in the form of tablets and capsules can be a problem for them. ZIM saw a 12% CAGR of OTF business over the 3 years (FY20-23).

OTFs are instantly wettable, rapidly dissolving, non-sticky, non-tacky, and non-curving films with active drug load of up to 50-60 mg. This technology enables the Company to manufacture Pharmaceuticals and Nutraceutical as Oro dispersible: non-mucoadhesive strips and are designed to break down immediately

upon contact with saliva. Oro mucosal films are placed either on or under the tongue, or on the inside of the cheek. As mucoadhesive, they are designed to adhere to the inside of the oral cavity. The company is also developing mucosal technologies like Mucostrip® Technology and Sublingual Technology and Bilayer Oral Thin Film Technology.

The Company has developed various new Oral Thin Film products in collaboration with multinational corporations and major regional players for registration and commercialisation in regulated markets (including Europe). This technology has a high upside for specialised therapy areas like Neuro/CNS, Pain management and opioid drug delivery.

ZIM's OTF business has 8 patents under its name with 14 under examination. ZIM has developed 12 Pharmaceutical products using the OTF dosage form and they have been registered and commercialised in the RoW markets. The company has the registration and marketing authorization for Oral Thin Film product - Rizatriptan Benzoate 10mg ODS and Sildenafil Citrate 50mg ODS for the EU market. ZIM's partners have also received 4 Marketing Authorizations for Sildenafil Citrate 50mg ODS dosage on ZIM's dossier. Nutraceutical products have also been developed using the OTF Platform and these are currently being marketed through e-commerce/OTC platforms.

**2. Modified Drug Release and Dosage Transformation**

The Company also has ability to manufacture a combination of generic Pharmaceutical and Nutraceutical products in Pre- Formulation Intermediates (PFI) and Finished Formulations (FF) using modified release patterns in the oral solid dosage form such as granules, pellets, taste-masked powders, suspensions, tablets, capsules, dry syrup, and Oral Thin Films (OTF) that provide patients with therapeutic benefits and better treatment adherence.

- Pelletization: ZIM has the expertise to develop and manufacture pellets in various release profiles including: include Extended Release (ER), Immediate Release (IR), Sustained Release (SR), Controlled Release (CR), Target Release (TR), Modified Release (MR), and Delayed Release (DR). Pelletization requires the adoption of a unique manufacturing process.

- Directly Compressible (DC) Granules: ZIM has the state-of-the-art technology to manufacture directly compressible granules, especially with modified release profiles. These granules can be directly compressed into tablets with minimal challenges at any manufacturing facility.

- Taste Masking: ZIM has developed a highly cost-effective technology for masking the taste of bitter molecules of APIs without affecting their dissolution profile and bio-availability, while maintaining adequate shelf life.

**3. Oral Thin Films (OTF)**

Oral Thin Films (OTF) are an innovative drug delivery system in the form of films or strips that are placed in the mouth and dissolve quickly upon contact with saliva, allowing for quick and easy administration of medication; ZIM has in-house ability to manufacture oral

thin films using the company's patented process named Thinoral®. These are an alternative to traditional dosage forms such as pills, capsules, and liquids. They are also preferred by patients who have difficulty swallowing medication. The growth of the oral thin films market has been driven by the demand for efficient and convenient drug delivery systems, especially for paediatric, geriatric, and palliative care patients. Demand for oral thin films from the pharmaceutical and nutraceutical industries is increasing owing to their benefits such as ease of use, accurate dosage, portability, better treatment adherence, quality healthcare, and longer shelf life.

**Financial Overview :**

Particulars		2022-23	2021-22	YoY Change	Reasons
Current ratio	Times	1.72	1.45	19%	-
Debt- Equity Ratio	%	30	29	2%	-
Debt Service Coverage Ratio*	Times	2.26	1.02	122%	Improvement by 122% in the current year is mainly on account of improved working capital management and improvement in profitability of the Group
Return on Equity Ratio	%	13	8.65	50%	Increased by 50% in the current year due to improvement in profitability of the Group
Inventory Turnover Ratio	Times	3.08	2.47	25%	Increase by 25% in the current year due to reduction in Inventory Level.
Trade Receivable Turnover Ratio	Times	4.21	4.06	4%	-
Trade Payable Turnover Ratio	Times	4.82	3.74	29%	Improvement by 29% in the current year due to repayment of trade payables for the materials purchase during the year
Net Capital Turnover Ratio	Times	4.97	5.03	-1%	-
Net Profit Ratio	%	6.13	4.36	40%	Increased by 40% in the current year due to improvement in profitability of the Group
Return on Capital Employed	%	16.81	12.52	34%	Increased by 34% in the current year due to improvement in the profitability of the Group
Current ratio	Times	1.72	1.45	19%	-
Operating Profit Margin	%	10.27	8.80	17%	-
Basic EPS	Times	5.01	2.99	68%	Increased by 68% in the current year due to improvement in profitability of the Group
Interest coverage ratio	Times	7.34	3.53	108%	Improvement by 108% in the current year is mainly due reduction in the finance costs on account of improved working capital management

\*Earnings for Debt Service = Net Profit after tax + Depreciation and amortisation expense + Finance costs, Debt Service = Principal Repayments + Finance costs (recognised)

## Key Risks and Mitigations

The Company has a Board Risk Committee and a structured risk management framework for the timely and effective identification, assessment, and mitigation of key business and operational risks. Management also obtains the support of specialised risk consultants as needed for support and guidance. The key risks and their corresponding mitigation measures are depicted below:

### 1. Economic risk

The global economic slowdown and adverse geopolitical events may lead to demand compression, especially in the developed markets, and dampen the Company's business.

#### Mitigation

The Company has been diversifying its geographic business concentration and supplies to over 50 countries globally. Presently the business concentration is in the RoW markets and marginal in the Developed markets. The company is in the process of registering several of its products in the Developed and Pharmerging markets to further mitigate the geographical concentration risk.

### 2. Delays in registration and manufacturing approval

Delays in registration, marketing approval, plant audits and commercial launch of various New Innovative Products (NIP) in the key Developed and Pharmerging markets may lead to delays in commercialisation of the products

#### Mitigation

The company has a steady business in the RoW markets which has seen healthy growth over the past few years. In parallel to the various filings of the NIP products, the Company is also upgrading its existing product dossiers and refiling them across various RoW markets with a view to continue to expand in the RoW markets. NIP products will also be submitted for filing in the RoW markets. It also has a range of Nutraceutical products which has been growing. These businesses will provide an important support base for the company in the event of delays in registration of the NIP products, till they are commercialised.

### 3. Supply Chain Disruption

The war in Ukraine and related adverse geopolitical events, have caused severe disruptions to the global supply chain network, including for pharmaceutical products. These include sharp increases in material and freight cost, which if continued, may negatively impact the timely delivery of finished products and the profitability of the Company.

## Mitigation

The Company evaluates various strategic sourcing and supply options. It also tries to enhance supply chain transparency by strengthening international coordination and collaboration. The Company has identified alternate sources for supply of some of the raw material and excipients, including many from India. In addition, the Government of India has been encouraging and supporting the manufacture of pharmaceutical APIs and excipients in India. It is expected that with improvement in global trade leading to reduced supply chain constraints, and availability of alternate supply possibilities, including from India, this risk will get largely mitigated over time.

### 4. Competition risk

ZIM is a relatively small player in the pharmaceutical sector. Competition from other larger pharmaceutical companies may make the Company's products less attractive for commercialisation, including pressure on profit to margins.

#### Mitigation

While ZIM is a relatively small company, it has strategically stayed away from manufacturing and supply of common generic products which are constantly subject to price and margin pressures. It strives to develop and supply differentiated, value-added generic products to mid-sized companies in the RoW markets, thereby avoiding direct competition from the larger pharmaceutical manufacturers. To further substantiate this strategy, it has continuously invested in R&D and now has a pipeline of New Innovative Pharmaceutical Products (NIP) which will be targeted for registration and commercialisation across various markets – including Developed and Pharmerging markets. It also manufactures and supplies differentiated Nutraceutical products and believes that it will be able to grow its business in its identified product segments despite overall competitive pressures.

### 5. Regulatory and compliance

The Company's presence across multiple markets in different countries requires in-depth knowledge of regulatory and compliance norms across these countries. Moreover, stringent manufacturing and audit norms need to be followed for long-term business sustainability. Any material audit findings may adversely impact the business.

#### Mitigation

ZIM's plant is EU GMP certified and it stringently follows the needed processes to maintain this accreditation. In addition, ZIM is periodically audited by various Independent Government Regulatory Agencies and by Companies that wish to procure products from ZIM. The Company continuously invests in equipment, process, systems and experienced professional team in QA, RA,

QC etc. and has these in place to address compliance norms, queries, and observations for multiple filings, audits and registrations. Cyber Security and Data Privacy

The Company's IT assets and systems need to be secured end to end to prevent cyber security threats and data protection risks. Malicious emails and viruses have dramatically raised the hazards to information security.

#### Mitigation

ZIM has developed an integrated software system which provides the core of ZIM's IT requirement. Daily backups of critical data are performed on different sites, including Microsoft Azure Cloud. Moreover, Sophos firewall routers and Quick Heal multiuser security ensure the protection of the Company's data and systems.

## Opportunities and Challenges

### Opportunities

- **Growing Demand:** The growth in demand for Indian generic drugs across global markets is expected to continue. The company is a competitive supplier of several generic products from India and has also developed New Innovative Pharmaceutical (NIP) products and nutraceutical products. The overall growth in demand along with specific product development efforts of the Company are expected to provide new business opportunities for the Company in Developed and Pharmerging markets. Moreover, the Company's drug efficacy and target therapeutic segment position it comfortably to widen its market presence and grow the business.
- **China plus one and European Union plus one diversification strategies:** The war in Ukraine combined with geo-political compulsions are leading to a shift in supply dynamics for pharmaceutical and nutraceutical products. These shift in sourcing strategies can benefit Indian players as India has greater appeal as an attractive option for manufacturing and exports of pharmaceutical and nutraceutical products. Further, growth in domestic production of APIs as being promoted by the Government of India, is likely to reduce India's reliance on the import of APIs, especially from China.

### Challenges

- **Volatility in and availability of US Dollar :** Significant volatility in the forex market and timely availability of US Dollars for our customers to honour their commitments especially for emerging market currencies, may impact the Company's growth prospects and profitability.
- **Inflationary pressure and fluctuations in costs of key ingredients:** Prices of the key ingredients used in the

products manufactured and marketed by the Company remain volatile due to several factors, including inflation, changes in government policies, and fluctuations in the foreign exchange rates. This may impact the Company's manufacturing cost and profitability.

- **High cost associated with Research and Development:** Increasing investment in R&D increases capital and operating expenditure. Delays in registration and commercialisation of the products being developed for the Developed and Pharmerging markets may impact growth prospects and profitability.

## Information and Technology

The Company is rapidly embracing digital transformation and has successfully developed and implemented an EU-GMP-compliant ERP system that integrates five key software platforms. These include engineering, finance, material management, manufacturing, and quality operations, which together create a unified information source. To provide greater visibility and facilitate the identification of bottlenecks at each stage of product manufacturing, interactive data dashboards have been deployed as enhanced Management Information Systems (MIS). These dashboards display key metrics such as R&D related MIS, machine utilization MIS, pending sales order status tracking MIS etc., promoting transparency and ultimately enhancing efficiency.

In addition to these advances, the Company is investing in the modernization of its HRMS systems to expedite recruitment processes and improve performance management tracking. Another long-term initiative is the modernization of the Quality Management System (QMS). This project commences with the introduction of a Document Management System (DMS), followed by a Training Management System (TMS) and an electronic Batch Manufacturing Record (e-BMR) system. These advancements will not only reduce paper consumption but also facilitate more accessible remote audits.

## Human Resources

The Company has a HR policy that promotes a conducive, productive, and harmonious work culture and aligns employees' goals with the organization's growth vision. The HR team conducts periodic training programs to enhance the skills and competencies of its workforce to achieve the Company's business goals. The Company's work culture encourages innovation, collaboration, execution, and speed. Projects such as system and process simplification, process improvements, facility upgrades, production planning, and inventory management are constantly fostered. Performance-based initiatives aid in the retention of the Company's talented workforce. As on March 31, 2023, the Company had 536 employees.



### Internal Control Systems and their Adequacy

The Company has an internal control system, commensurate with the nature and size of its business. The risk management framework, financial control, internal audit, and effective corporate governance lay the groundwork for internal control. The internal control structure is designed to ensure that operations are efficient and aligned with the strategic objectives of the Company. It also ensures regulatory compliance and assists in the implementation of the plans.

The internal control framework is responsible for addressing the evolving risks in the business, reliability of financial information, timely and accurate reporting of operational and financial transactions, safeguarding of assets, and stringent adherence to the regulations to ensure strong corporate culture governance practices. The Management, the Audit Committee, and Risk Management Committee periodically review the adequacy of the internal control systems, and internal audit findings and recommend corrective action plans for the improvement of the business process and internal control system.

### Disclaimer

The Management Discussion and Analysis may contain statements about expected future events and financial and operating results of ZIM Laboratories Limited and may



**The Company is rapidly embracing digital transformation and has successfully developed and implemented an EUGMP-compliant ERP system that integrates five key software platforms. These include engineering, finance, material management, manufacturing, and quality operations, which together create a unified information source.**

be construed as forward-looking. By their nature, these statements require the Company to make assumptions and are subject to certain risks and uncertainties. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause the assumptions and actual results to differ materially from those expressed or implied in these statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications, and risk factors referred to in the management's discussion and analysis of ZIM Laboratories Limited's Annual Report of FY23.

## Board Report

The Board of Directors of our 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 (Management and Administration) Rules, 2014, and the Companies (Accounts) Rules, 2014, in respect of the year ended 31<sup>st</sup> March, 2023, as follows:

**a) Number of Meetings of the Board : 10**

**b) Directors' Responsibility Statement:**

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with a proper explanation relating to material departures.
- ii) The directors had selected such accounting policies, applied them consistently, and made judgements and estimates that were 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 preventing and detecting fraud and other irregularities.
- iv) The directors had prepared the annual accounts on a going-concern basis.
- v) The directors have laid down internal financial controls to be followed by the company, and such internal financial controls are adequate and are operating effectively.
- vi) 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 Subsection 6 of Section 149:**

The company has received the necessary declarations from each Independent Director under Section 149(7) of the Companies Act, 2013 and Regulation 25(8) of the

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**d) Nomination and Remuneration Policy:**

The criteria laid down in the Companies Act, 2013 and the Rules framed thereunder are complied with while appointing the Directors, including Independent Directors. The Nomination and Remuneration Policy has been formulated and approved by the Nomination and Remuneration Committee and Board of Directors, and the same is available on the website of the company at <https://www.zimlab.in/investor-reports-policies>.

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

1. Statutory Auditor: Not applicable since there is no qualification, reservation, adverse remark, or disclaimer by the auditor.
2. Secretarial Auditor: Not applicable since there is no qualification, reservation, adverse remark, or disclaimer by the auditor.

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

- |               |   |     |
|---------------|---|-----|
| a) Loan       | : | NIL |
| b) Guarantee  | : | NIL |
| c) Investment | : | NIL |

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

During the year, there were no transactions with related parties that conflicted with the interests of the company. All transactions entered into by the company with related parties during the financial year were in the ordinary course of business and on an arm's length basis. Statements of transactions with related parties are periodically placed before the Audit Committee and are approved by the committee. Particulars of contracts or arrangements with related parties referred to in Section 188 (1) of the Companies Act, 2013, in the prescribed Form AOC-2 is appended herewith as **Annexure III** to the Board's Report.

**h) Annual Return:**

The Annual Return of the Company as on 31<sup>st</sup> March, 2023 in Form MGT-7 in accordance with Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, is available on the website of the Company at [https://www.zimlab.in/annual\\_reports/](https://www.zimlab.in/annual_reports/).

**i) The state of Company's affairs:**

This part has been covered under the Management Discussion & Analysis Report, which forms part of the Annual Report.

**j)** The amount proposed to be carried to reserve : NIL

**k)** The amount of dividend payment recommended : NIL

**l)** Material changes and commitments, if any, affecting the financial position of the company, which has occurred between the end of the financial year and the date of the report : NIL

**m)** Conservation of energy, technology absorption, foreign exchange earnings and outgo: -

**A. Energy Conservation:**

The Company manoeuvres to be energy efficient by deploying energy efficient technologies and being mindful in its approach to energy usage. The Company is working with systematic approach towards energy conservation in the following ways:

**(i) The steps taken or impact on conservation of energy are:**

- To reduce wastage of electricity, the Company has replaced some DX coils with chilled water for better and more effective cooling.
- To save energy and optimise cooling power, the Company has installed an energy-efficient pump.
- The Company has switched to energy-efficient LED (Light Emitting Diodes) lighting.
- To prevent leakages, the Company has switched to an auto-drain valve on its air compressor.
- To save power during the winter and monsoon seasons, the Company has installed an automatic temperature control system for its 300 TR cooling tower.
- The Company has switched to three-way control valves on the AHU (Air Handling Unit).
- The Company has installed a 30 HP VFD (Variable Frequency Drive) on its air compressor to save power.
- The Company has maintained the power factor of its electrical supply by installing capacitors.

**(ii) The steps taken by the Company for utilizing alternate sources of energy are:**

- The Company has evaluated the feasibility of Solar Power System.

**(iii) The capital investment on energy conservation equipment: NIL****B. Technology Absorption:****Efforts made towards technology absorption:**

- The company has an independent R&D center recognized by DSIR. The R&D team is capable of developing differentiated generics in Pre-Formulation Intermediates (PFI) and Finished Formulations (FF) using our in-house non infringing development and technology platforms
- The team is researching constantly to develop and innovate on processes thus ensuring unique development and proprietary processes.
- Investments have been made in employing highly skilled and experienced staff as well as incorporating cutting-edge technology and modern equipment.

**Benefits derived like product improvement, cost reduction, product development or import substitution:**

- 10 NIP (New Innovative Products) are under various stages of development and filings with a focus on Key Developed and Pharmerging Markets\*
- A basket of 15 unique and differentiated Nutraceutical products are under development leveraging on our in house R&D.
- In FY23, ZIM filed 2 NIP (Urology and Gastrointestinal) in the EU.
- Several RoW product Dossiers are also being upgraded for filing in Key Developed and Pharmerging Markets\*.
- The NIP were developed using In -house non infringing manufacturing process and technology platforms like Micro Emulsion Coating Technology (MECT), Pellet Cold Forming Technology (PCFT), Rapid Gel Forming Technology (RGFT), and Matrix Pore Forming Technology (MPFT).
- 5 Marketing Authorizations were also received on ZIM's Dossiers in the EU in FY23.
- 1 MA (Marketing Authorization) received for EU in OTF in FY23: Sildenafil Citrate 50mg

\*Key Developed and Pharmerging Markets: EU, Turkey, Canada, Australia, BRICS, LatAm, Saudi Arabia and other markets with high GDP / Capita.

ODS in Spain; in addition, Tadalafil ODS has also been filed for registration in the EU; and ZIM has received its first commercial order for OTF in Rx from the EU.

- R&D team also has 11 Patents granted and 65 under examination.

**In case of imported technology:**

- The details of technology imported: NIL
- The year of import: N.A.
- Whether the technology has been fully absorbed: N.A.
- If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: N.A.

The expenditure incurred on Research and Development :

Revenue expenses : ₹ 1,873.83 lakhs

Capital expenses : ₹ 200.34 lakhs

**C. Foreign Exchange earnings and outgo**

- Foreign exchange earned : ₹ 30,882 Lakhs
- Expenditure in foreign exchange : ₹ 4,853 Lakhs

**n) Risk Management Policy :**

This part has been covered under the **Management Discussion & Analysis Report**, which forms part of the Annual Report.

**o) Corporate Social Responsibility (CSR) :**

The Corporate Social Responsibility policy approved by the Board at its meeting held on 29<sup>th</sup> June, 2021 is available on the website of the company at <https://www.zimlab.in/investor-reports-policies>.

The policy, inter alia, covers the following:

- Guiding principles for selection, implementation, and monitoring of CSR activities as well as the formulation of the Annual Action Plan.
- Roles and Responsibilities of the CSR Committee.

- CSR projects or programmes that include focus areas such as Education, Sanitation, Healthcare, Women's Empowerment, and Environment Conservation.

- Approval Process for CSR Projects and Expenditure.
- Implementation and Monitoring of CSR Activities.

The Composition of Corporate Social Responsibility Committee during the Financial Year 2022-23 was as follows :

- Dr. Kakasaheb Mahadik : Chairman
- Mr. Padmakar Joshi : Member
- Mr. Niraj Dhadiwal : Member

The Annual Report on CSR Activities is annexed as **Annexure-I** to the Board Report.

**p) Board Evaluation:**

Pursuant to the provisions of Section 134(3)(p) of the Act read with Rule 8(4) of the Companies (Accounts) Rules, 2014, an annual evaluation was carried out by the Board of its own performance as well as that of its committees and individual Directors. The evaluation was done by the Board after seeking input from all Directors, inter alia covering different aspects, viz. composition and structure of the Board, attendance, including participation of the Directors at the Board and Committee meetings, observance of governance, quality of deliberation, and effectiveness of the procedures adopted by the Board.

In evaluating the performance of the individual Directors, criteria such as qualification, knowledge, attendance at meetings and participation in long-term strategic planning, leadership qualities, responsibilities assumed, interpersonal relationships, and analytical decision-making abilities were taken into consideration. In compliance with regulation 17(10) of the listing regulations, the Board carried out performance evaluations of Independent Directors without the participation of the directors being evaluated.

The Independent Directors evaluated the performance of the Chairman and Managing Director. The evaluation process has been explained in the Corporate Governance Report. The Board reviewed the evaluation results as collated by the Nomination and Remuneration Committee.

**q) Financial Highlights:**

Particulars	Standalone		Consolidated	
	FY 2023	FY 2022	FY 2023	FY 2022
Revenue	39,653.13	32,949.37	39,852.71	33,342.68
Other Income	643.06	450.62	641.32	440.27
Total Income	40,296.19	33,399.99	40,494.03	33,782.95
Operating expenditures	34,534.02	29,155.97	34,654.09	29,244.77
Profit before interest, depreciation, and tax	5,762.17	4,244.02	5,839.94	4,538.18
Less: Finance costs	557.54	830.62	557.54	830.62
Depreciation and amortisation	1,612.83	1,483.74	1,746.90	1,603.31
Profit/ (Loss) before exceptional items and tax	3,591.80	1,929.66	3,535.50	2,104.25
Exceptional Items - loss	-	-	-	-
Profit/(Loss) before tax	3,591.80	1,929.66	3,535.50	2,104.25
Tax expense	1,090.92	628.38	1,092.05	649.21
Profit/(Loss) after tax	2,500.88	1,301.28	2,443.45	1,455.04
Opening balance in Retained Earnings	11,181.34	9,875.50	11,659.41	10,199.81
Profit available for appropriation	13,682.22	11,176.78	14,102.86	11,654.85
Less: Appropriations	-	-	-	-
Dividend	-	-	-	-
Dividend distribution tax	-	-	-	-
Transfer from other comprehensive income	(46.16)	4.56	(46.16)	4.56
Closing balance in Retained Earnings	13,636.06	11,181.34	14,056.70	11,659.41

**r) Change in nature of business, if any:** NIL**s) The details of Directors or Key Managerial Personnel who were appointed or have resigned during the year:****Details of Directors resigned during the year:** NIL**Details of Directors appointed during the year:**

The Board of Directors of the company, in its meetings held on 30<sup>th</sup> March, 2022 and 21<sup>st</sup> May, 2022 had appointed/re-appointed the Directors on the Board of the Company subject to the approval of shareholders. The Shareholders in their Extraordinary General Meeting held on 29<sup>th</sup> June, 2022, has approved such appointments/re-appointments. The details of the Directors appointed/re-appointed are mentioned below:

Sr. No.	Name of Director	Appointment / Re-appointment	DIN	Effective Date of Appointment/ Re-appointment
1.	Dr. Kakasaheb Ramoo Mahadik	Appointment	08688418	01.04.2022
2.	Dr. Kamlesh Shende	Appointment	09537666	01.04.2022
3.	Mrs. Kavita Loya	Re-appointment	07943519	21.09.2022
4.	Mr. Padmakar Joshi	Re-appointment	07944709	21.09.2022
5.	Dr. Anwar Siraj Daud	Re-appointment	00023529	01.08.2022
6.	Mr. Zulfikar Kamal	Re-appointment	01786763	19.10.2022
7.	Mr. Niraj Dhadiwal	Re-appointment	02007428	01.10.2022
8.	Mr. Prakash Sapkal	Re-appointment	02007385	01.10.2022

The necessary declaration with respect to such appointments/ re-appointments has been received from the Directors of the company. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

**Name of Director retiring by rotation:** Mr. Niraj Dhadiwal, Director (Business Development) (DIN: 02007428), who retires by rotation at the ensuing Annual General Meeting and, being willing and eligible, has offered himself for re-appointment.

**t) Statement regarding the opinion of the Board with regard to the integrity, expertise, and experience (including proficiency) of the Independent Directors appointed during the year:**

In the Board's opinion, the Independent Directors are persons of high repute and integrity who possess relevant expertise and experience in their respective fields.

**u) Names of Companies which have become subsidiaries, during the year:** NIL**v) Details relating to deposits covered under Chapter V of the Act:** NIL**w) The details of deposits that are not in compliance with the requirements of Chapter V of the Act are:** The company has not accepted any deposits during the year.**x) The details of significant and material orders passed by the regulators, courts, or tribunals impacting the going concern status and the company's operations in the future:** NIL**y) The details in respect of the adequacy of Internal Financial Controls with reference to the financial statements:** The details of Internal Financial Controls are separately covered under the **Management Discussion & Analysis Report** which forms part of the Annual Report.**z) Details of the Employee Stock Option Scheme as of 31st March, 2023:** NIL**aa) Report on the performance and financial position of wholly-owned subsidiaries, viz.:**

- ZIM Laboratories FZE, Sharjah
- ZIM Health Technologies Limited, India
- SIA ZIM Laboratories Limited, Latvia
- ZIM Thinorals Private Limited, India

In compliance with the first proviso to Section 129(3) of the Companies Act, 2013 and Rules 5 and 8(1) of the Companies (Accounts) Rules, 2014, salient features of the financial statements, performance, and financial position of each subsidiary is given in Form AOC-I as **Annexure VI**.

**ab) Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013.**

The company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition, and Redressal) Act, 2013.

The company has complied with provisions relating to the constitution of an Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013. The Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, and trainees) are covered under this policy.

The following is the summary of sexual harassment complaints received and disposed of during the year 2022-23.

No. of complaints received : NIL

No. of complaints disposed off : NIL

**ac) Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016, during the year along with their status as at the end of the financial year :**

Not Applicable.

**ad) Details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof :** Not Applicable.**ae) Disclosure under Section 148(1) of the Companies Act, 2013**

The Company has maintained proper books of accounts as required 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.

**af) In compliance with Regulation 34 read with Schedule V of the Listing Regulations, a Report on Corporate Governance for the year under review is annexed as **Annexure IV** to this report.****ag) The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2023 is annexed as **Annexure II** to this report****ah) Particulars of Employees and Related Disclosures**

The statement containing particulars in terms of Section 197(12) of the Companies Act 2013, read with Rule 5(1)

of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report and is annexed as **Annexure V**.

Further, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits as set out in the Rules 5(2) and 5(3) of the aforesaid rules forms part of this report. However, in terms of the first provision of Section 136(1) of the Act, the Annual Report and Accounts are being sent to the members and others entitled thereto, excluding the aforesaid information. The said information is available for inspection by the members at the Registered Office of the Company during business hours on working days up to the date of the ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such members may write to the Company Secretary, whereupon a copy would be sent.

#### (ai) Other Disclosures :

During the Financial Year 2022-23:

- The Company has complied with the applicable Secretarial Standards, i.e., SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively.

- The Company listed its shares on the National Stock Exchange of India Limited (NSE) on 25<sup>th</sup> November, 2022.
- The Company has increased its Authorised Capital to ₹ 75.00 Crores.
- The Company has issued and allotted Bonus Shares in the ratio of 2:1 (two equity shares for each share held by the shareholder) to the existing equity shareholders of the Company aggregating to 3,24,83,876 equity shares. Consequent to allotment of Bonus Shares, the Paid-up Capital of the Company has increased to ₹ 48.72 crore.

#### (aj) Acknowledgements

We take this opportunity to thank the employees for their dedicated service and contribution to the Company. We also thank our Bankers, business associates and other stakeholders for their continued support to the Company.

For and on behalf of the Board of Directors

(Anwar Siraj Daud)

Place: Nagpur

Chairman

Date: 16<sup>th</sup> June, 2023

00023529

## Annexure - I

### The Annual Report on CSR Activities for the Financial Year 2022-23

#### 1. Brief outline on CSR Policy of the Company:

ZIM Laboratories Limited is committed to ensuring the social wellbeing of the communities in the vicinity of its business operations through Corporate Social Responsibility initiatives (CSR) in alignment with its Corporate Social Responsibility Policy.

The CSR policy of the Company encompasses its philosophy towards Corporate Social Responsibility and lays down the guidelines and mechanism for undertaking Corporate Social Responsibility Projects for welfare & sustainable development of the community at large.

The Company has identified Healthcare, Sanitation, Education, Environment Conservation and Women Empowerment as the areas where assistance is provided on a need-based and case-by-case. Your Company was focused on participation in such activities at the local, grass root level during the year.

#### 2. Composition of CSR Committee:

Sr. No.	Name of Director Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Dr. Kakasaheb Mahadik, Chairman	1	1
2	Mr. Padmakar Joshi, Member	1	1
3	Mr. Niraj Dhadiwal, Member	1	1

- The web link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the company : <https://www.zimlab.in/investor-reports-policies>
- The executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable : Not Applicable
- (a) Average net profit of the company as per sub-section (5) of section 135. : ₹ 8,77,72,000
- (b) Two percent of the average net profit of the company as per sub-section (5) of Section 135. : ₹ 17,55,440
- (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. : NIL
- (d) Amount required to be set-off for the financial year, if any : NIL
- (e) Total CSR obligation for the financial year [(b)+(c)-(d)] : ₹ 17,55,440
- (a) Amount spent on CSR Projects (both Ongoing Projects and other than Ongoing Projects) : ₹ 17,98,287\*
- (b) Amount spent in Administrative overheads : NIL
- (c) Amount spent on Impact Assessment, if applicable : NIL
- (d) Total amount spent for the Financial Year [(a)+(b)+(c)] : ₹ 17,98,287

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
17,98,287					Not Applicable

\*Note : For the F.Y. 2022-23, the Company has not undertaken any ongoing project under CSR

(f) Excess amount for set-off, if any:

Sr. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	17,55,440
(ii)	Total amount spent for the Financial Year	17,98,287
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	42,847
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	42,847

Note : The excess amount spent by the Company for Financial Year 2021-22 is ₹ 45,096 and for Financial Year 2022-23 is ₹ 42,847. The said amounts are available for set-off to the Company aggregating to ₹ 87,943 for succeeding Financial Years.

#### 7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6	7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any	Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer	
							Not Applicable

#### 8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

If Yes, enter the number of Capital assets created/ acquired : **Not Applicable.**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset (s)	Date of creation	Amount of CSR amount spent	Details of entity/Authority/ beneficiary of the registered owner		
1	2	3	4	5	6	Name	Registered Address
					CSR Registration Number, if applicable.		
							Not Applicable

(All the fields should be captured as appearing in the revenue record, flat no., house no., Municipal Office/Municipal corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

#### 9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135 : Not Applicable

Place: Nagpur  
Date: 16<sup>th</sup> June, 2023

**Mr. Zulfiquar Kamal**  
Director (Finance)  
DIN : 01786763

**Dr. Kakasaheb Mahadik**  
Chairman (CSR Committee)  
DIN: 08688418

## Annexure - II

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2022-23

[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**  
Sadoday Gyan (Ground Floor),  
Opp. NADT, Nelson Square,  
Nagpur MH 440013 IN

I have conducted the secretarial audit of the applicable statutory provisions and the adherence to good corporate practices followed by ZIM Laboratories Limited (CIN: L99999MH1984PLC032172) (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 for 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 for the financial year ended on 31<sup>st</sup> March 2023 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 31<sup>st</sup> March 2023, according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 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;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;
- The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014: **Not Applicable for the period under review**
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 : **Not Applicable for the period under review**
- 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;
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 : **Not Applicable for the period under review**
- The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998 as amended from time to time; **Not Applicable for the period under review**
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I have relied on the representations made by the Company and its officers for the systems and mechanism formed by the Company for compliances under other industry specific and general laws and regulations applicable to the Company.

The Company has identified and confirmed that below laws are specifically applicable to the company:

- Drugs (Price Control) Order, 1995 (Under the Essential Commodities Act)
- Narcotic Drugs and Psychotropic Substances Act, 1985

- c) Drugs and Magic Remedies (Objectional Advertisement) Act, 1945
- d) Drugs and Cosmetics Act, 1940 and Drugs and Cosmetic Rules, 1945

I have also examined compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

I report that, during the year under review, the Company has complied with the provisions of all the applicable Acts, Rules, Regulations, Guidelines, Standards mentioned above,

I further report that the Board of Directors of the Company is duly constituted with proper composition 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 convene the Board Meetings, agenda and detailed notes on the 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 active participation in the meeting.

On verification of the minutes, I have not found any dissent/disagreement on any of the agenda items discussed in the Board or Committee meetings from any of the Directors and all the decisions are passed unanimously.

I further report that, based on the information provided, records maintained and representation made by the company, in my opinion, adequate systems and processes in the Company commensurate with the size and operations of the Company are in place to monitor and ensure compliance with applicable laws, rules, regulations and prescribed 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.

Place: Nagpur  
Date: 12/05/2023

**Yuti Nagarkar**  
FCS No. 9317  
CP No.-10802  
PR: 1344/2021  
UDIN: F009317E000296714

## Annexure A

To,  
The Members  
**ZIM Laboratories Limited**  
Sadoday Gyan (Ground Floor),  
Opp. NADT, Nelson Square  
Nagpur MH 440013 IN

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

- Maintenance of 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.
- I have followed the practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
- I have not verified the correctness and appropriateness of financial records and Books of Accounts of the listed entity.

- Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 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 procedure on test basis.
- 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: 12/05/2023

**Yuti Nagarkar**  
FCS No. 9317  
CP No.-10802  
PR: 1344/2021  
UDIN: F009317E000296714

## Annexure - III

### FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts or arrangements entered by the Company with related parties referred to in subsection (1) of Section 188 of the Companies Act, 2013, including certain arm's length transactions under fourth proviso thereto:

- Details of contracts or arrangements or transactions not at arm's length basis: : NIL
- Details of material contracts or arrangements or transactions (i.e., exceeding ten percent of the annual consolidated turnover as per the last audited financial statements) at arm's length basis.
  - Name(s) of the related party and nature of relationship : ZIM Laboratories FZE, Wholly-owned Subsidiary
  - Nature of contracts/arrangements/transactions : Sale of Goods
  - Duration of the contracts/arrangements/transactions : Continuous
  - Salient terms of the contracts or arrangements or Transactions including the value, if any : The related party transactions entered during the year were in ordinary course of business and on an arm's length basis. The aggregate amount of transactions for the F.Y.2022-23 was ₹ 3,421.48 Lakhs.
  - Date(s) of approval by the Audit Committee/Board, if : 21.05.2022
  - Amount paid as advances, if any : NIL

Note : All related party transactions are benchmarked for arm's length and approved by Audit Committee.

# Annexure - IV

## 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 interests of all stakeholders namely; members, creditors, clients, employees etc., equitably.

A report on compliance with corporate governance principles as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI LODR") is given below.

### 2) Board of Directors :

(i) The composition of the Board of your Company is in conformity with SEBI LODR Regulations.

Name	DIN No.	Category
Dr. Anwar Siraj Daud, Chairman	00023529	Promoter and Managing Director
Mr. Zulfiqar Kamal	01786763	Promoter and Executive Director
Mr. Niraj Dhadiwal	02007428	Executive Director
Mr. Prakash Sapkal	02007385	Executive Director
Mrs. Kavita Loya	07943519	Independent Director
Mr. Padmakar Joshi	07944709	Independent Director
Dr. Kakasaheb Mahadik	08688418	Independent Director
Dr. Kamlesh Shende	09537666	Independent Director

(ii) Ten Board Meetings were held during the year on 14.05.2022, 21.05.2022, 06.06.2022, 26.07.2022, 25.08.2022, 21.10.2022, 12.11.2022, 23.12.2022, 03.02.2023, 28.03.2023 and 38<sup>th</sup> Annual General Meeting was held on 19.09.2022.

(iii) The attendance, number of meetings attended and their directorship in other public companies of the Board of Directors as on 31.03.2023 are as under:

Name	No. of Board meeting held	No. of Board Meeting Attended	Whether attended last AGM held on 19.09.2022	No. of directorship in other public limited companies	Committee positions in other companies		Directorship in other listed entity (Category of Directorship)
					Chairman	Member	
Dr. Anwar Siraj Daud, Chairman	10	10	Yes	1	NIL	NIL	NIL
Mr. Zulfiqar Kamal	10	10	Yes	1	NIL	NIL	NIL
Mr. Niraj Dhadiwal	10	9	Yes	NIL	NIL	NIL	NIL
Mr. Prakash Sapkal	10	8	Yes	NIL	NIL	NIL	NIL
Ms. Kavita Loya	10	10	Yes	NIL	NIL	NIL	NIL
Mr. Padmakar Joshi	10	10	Yes	NIL	NIL	NIL	NIL
Dr. Kakasaheb Mahadik	10	9	Yes	NIL	NIL	NIL	NIL
Dr. Kamlesh Shende	10	10	Yes	NIL	NIL	NIL	NIL

(iv) No Director is a relative of another Director.

(v) Number of shares held by Non-Executive Director.

Sr. No.	Name of Non-Executive Director	No. of shares held
1	Mrs. Kavita Loya (Joint Holder)	3600
2	Dr. Kakasaheb Mahadik	2400

(vi) The Company has not issued any convertible instruments.

(vii) The details of familiarization programme imparted to independent directors are disclosed on the website of the company under Investor section on the website of the company at [www.zimlab.in](http://www.zimlab.in)

(viii) The Board has identified the following skills/expertise/competencies for the effective functioning of the Company which are currently available with the Board:

- Global Business: Understanding of diverse business environments, economic conditions, cultures and regulatory frameworks and a broad perspective on global market opportunities.
- Strategy and Planning: Strategic choices and experience in guiding and leading management teams to make decisions in an unenforceable environment, anticipation of long-term trends in the industry, strong management and leadership in business development
- Corporate Governance: Experience in developing and implementing good governance practices, maintaining board and management accountability, protecting stakeholder's interest and responsibility towards customers, employees, suppliers, and driving good corporate ethics and values.
- General Management: General Know-how of business management, talent management and development, workplace health & safety.
- Industry Experience: Significant background and experience in pharmaceuticals sector, science and technology domain.
- Finance & Accounts: Proficiency in financial management, financial reporting process, budgeting, treasury operations, audit, and capital allocation.

(ix) The skills which are currently available with the Directors have been mapped below:

Skills / Area of Expertise	Name of the Directors of the Company							
	Dr. Anwar Siraj Daud	Mr. Zulfiqar Kamal	Mr. Niraj Dhadiwal	Mr. Prakash Sapkal	Ms. Kavita Loya	Mr. Padmakar Joshi	Dr. Kamlesh Shende	Dr. Kakasaheb Mahadik
Global Business	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strategy and Planning	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry Experience	Yes	Yes	Yes	Yes			Yes	Yes
Finance & Accounts	Yes	Yes			Yes	Yes		
Corporate Governance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
General Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

(x) In the opinion of the board, the independent directors fulfil the conditions specified in the Listing Regulations and are independent of the management.

### 3) Audit Committee

#### (i) Brief description of terms of reference:

The powers, role, and terms of reference of the Audit Committee are in line with the provisions of Section 177 of the Act read with Regulation 18 and Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee discharges such duties and functions generally indicated under the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) 2015 and such other functions as may be specifically assigned to it by the Board from time to time.

#### (ii) Composition :

The Board of Directors, in its meeting held on 21.05.2022, reconstituted the Audit Committee.

The composition of Audit Committee is as follows :

1	Mrs. Kavita Loya	: Chairperson
2	Dr. Kamlesh Shende	: Member
3	Mr. Padmakar Joshi	: Member
4	Mr. Zulfiqar Kamal	: Member

**(iii) Audit Committee Meetings and attendance during the year :**

During the year ended 31<sup>st</sup> March 2023 the Audit Committee meetings were held on 21.05.2022, 26.07.2022, 12.11.2022, 03.02.2023 and 28.03.2023

Sr. No.	Name of the Committee Member	Committee meetings		Attendance at the last Annual General Meeting
		Held during Tenure	Attended	
1	Mrs. Kavita Loya	5	5	Yes
2	Dr. Kamlesh Shende	5	5	Yes
3	Mr. Padmakar Joshi	5	5	Yes
4	Dr. Anwar Daud*	1	1	Yes
5	Mr. Zulfiquar Kamal*	4	4	Yes

\* The Audit Committee was reconstituted by Board of Directors on 21.05.2022. Dr. Anwar Siraj Daud ceased to be a member of the committee effective from 21.05.2022. Therefore, he was eligible to attend one meeting during his tenure.

\* Mr. Zulfiquar Kamal became a member of the Committee from 21.05.2022 and therefore, he was eligible to attend four meetings during his tenure.

- The gap between two meetings did not exceed one hundred and twenty days.
- The Company Secretary acts as the Secretary to the Audit Committee

**4) Nomination & Remuneration Committee:****(i) Brief description of terms of reference :**

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 read with Regulation 19 and Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) 2015, 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.

**(ii) Composition :**

The composition of Nomination & Remuneration Committee is as follows:

1.	Mr. Padmakar Joshi	Chairman
2.	Dr. Kakasaheb Mahadik	Member
3.	Mrs. Kavita Loya	Member
4.	Dr. Anwar Siraj Daud, Chairman of the Board	Member

**(iii) Nomination & Remuneration Committee Meetings and attendance during the year:**

During the year ended 31<sup>st</sup> March, 2023, the Nomination & Remuneration Committee meeting was held on 20.05.2022, 25.07.2022 and 23.12.2022

Sr. No.	Name of the Committee Member	Committee meetings		Attendance at the last Annual General Meeting
		Held during Tenure	Attended	
1	Mr. Padmakar Joshi	3	3	Yes
2	Dr. Kakasaheb Mahadik	3	3	Yes
3	Mrs. Kavita Loya	3	3	Yes
4	Dr. Anwar Siraj Daud	3	2	Yes

**Performance evaluation criteria for Independent Directors:**

The performance evaluation criteria for Independent Directors ("IDs") are determined by the Nomination and Remuneration Committee. An indicative list of factors on which evaluation was carried out includes:

- Participation and contribution by Independent Directors in business of the company discussed at various meetings;
- Contribution in terms of effective deployment of knowledge and expertise and commitment;
- Preparedness on areas and issues that are likely to be discussed at the Board level;
- Invests time in understanding the Company and its distinctive requirements;
- Conducts himself/ herself in a manner that is ethical and consistent with various laws and Regulations; and
- Stays conscious of being independent of the management.

**5) Stakeholder's Relationship Committee:**

The terms of reference of the Stakeholders' Relationship Committee are in line with the provisions of Section 178 (5) of Companies Act, 2013, read with Regulation 20 and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Stakeholders Relationship Committee is primarily responsible for redressal of Shareholders', Investors', Security holders' grievances, including complaints related to transfer of shares, non-receipt of declared dividends, annual reports, etc.

A committee for attending to complaints, if any, from shareholders and to redress their grievance has been reconstituted on 21.05.2022 by the Board of Directors consisting of the following members:

Sr. No.	Name of Director	Position held
1	Dr. Kamlesh Shende	Chairman
2	Dr. Kakasaheb Mahadik	Member
3	Mr. Prakash Sapkal	Member

During the year ended 31<sup>st</sup> March, 2023, Stakeholder's Relationship Committee meeting was held on 28.03.2023.

Sr. No.	Name of the Committee Member	Committee meetings		Attendance at the last Annual General Meeting
		Held during Tenure	Attended	
1	Dr. Kamlesh Shende	1	1	Yes
2	Dr. Kakasaheb Mahadik	1	1	Yes
3	Mr. Prakash Sapkal	1	1	Yes

**Name and designation of Compliance Officer:**

Mr. Piyush Nikhade, 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. There is no complaint pending for redressal.

**5A. Risk Management Committee :**

The Risk Management Committee is constituted on voluntary basis to address the risk associated with the company. The Risk Management Committee constituted by the Board of Directors is entrusted with the responsibility to review Risk Management Policy, to monitor various organisational risks (strategic, operational and financial).

**(i) Composition :**

Sr. No.	Name of the Member	Position	Category of Directorship
1	Mrs. Kavita Loya	Chairperson	Independent Director
2	Dr. Kamlesh Shende	Member	Independent Director
3	Dr. Anwar Siraj Daud	Member	Managing Director



**(ii) Risk Management Committee Meetings and attendance during the year:**

During the year ended 31<sup>st</sup> March, 2023, Risk Management Committee meeting was held on 08.10.2022.

Sr. No.	Name of the Committee Member	Committee meetings		Attendance at the last Annual General Meeting
		Held during Tenure	Attended	
1	Mrs. Kavita Loya	1	1	Yes
2	Dr. Kamlesh Shende	1	1	Yes
3	Dr. Anwar Daud	1	1	Yes

**6) Remuneration of Directors :**

(i) Remuneration Policy: Your Company has a well-defined policy for remuneration of the Directors, Key Management Personnel and other Employees. The policy is available on the website of the Company and the weblink for the same is <https://www.zimlab.in/investor-reports-policies>

(ii) Details of remuneration paid to Independent Directors are as follows :-

Sr. No.	Name of Director	Remuneration paid in F.Y. 2022-23 (₹. In Lakhs)
1	Mrs. Kavita Loya	9.00
2	Mr. Padmakar Joshi	7.00
3	Dr. Kamlesh Shende	7.00
4	Dr. Kakasaheb Mahadik	7.00

(iii) Details of Sitting Fees : The Directors are not paid any Sitting Fee.

(iv) Remuneration to Executive Directors :

Sr. No.	Name of Director	Remuneration paid in F.Y. 2022-23	Stock Option	(₹ in Lakhs)		
				Performance Linked Incentive F.Y.2022-23*	Performance Linked Incentive F.Y. 2021-22*	Total Remuneration
1	Dr. Anwar S. Daud	130.00	-	Upto 2% of the Consolidated PAT for FY 2022-23	21.00	151.00
2	Mr. Zulfiquar Kamal	87.50	-	Upto 1% of the Consolidated PAT for FY 2022-23	19.00	106.50
3	Mr. Niraj Dhadiwal	70.00	-	Upto 0.75% of the Consolidated PAT for FY 2022-23	17.50	87.50
4	Mr. Prakash Sapkal	70.00	-	Upto 0.75% of the Consolidated PAT for FY 2022-23	17.50	87.50

- The above remuneration of Dr. Anwar S. Daud is exclusive of ₹ 9.44 Lakhs equivalent to AED 43,600 received as remuneration from Wholly Owned Subsidiary "ZIM Laboratories Limited FZE" for the F.Y. 2022-23.
- The performance linked incentive for F.Y. 2021-22 was paid in F.Y. 2022-23 after evaluation of performance of Directors.
- The above remuneration of Mr. Prakash Sapkal is exclusive of ₹ 4.28 Lakhs equivalent to Euro 5060 received as remuneration from wholly owned subsidiary "SIA ZIM Laboratories Limited" for the FY 2022-23.
- The details mentioned above are based on Standalone Financials.

**7) Corporate Social Responsibility Committee :**

(i) **Corporate Social Responsibility Committee (CSR) consists of three Directors as follows:**

Sr. No.	Name of Director	Position held
1	Dr. Kakasaheb Mahadik	Chairman
2	Mr. Padmakar Joshi	Member
3	Mr. Niraj Dhadiwal	Member

The terms and reference of the Committee of the CSR are in line with the provisions of Section 135 of Companies Act, 2013 (the Act) and inter-alia includes the following:

- 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.
- To recommend to the Board the amount of expenditure to be incurred on the activities undertaken by the Company as per the CSR Policy.
- To monitor the CSR Policy of the company from time to time.

(ii) **Committee Meetings and attendance during the year :**

During the year ended 31<sup>st</sup> March, 2023, Corporate Social Responsibility Committee meeting was held on 17.10.2022 and all the members were present in the meeting.

Sr. No.	Name of the Committee Member	Committee meetings		Attendance at the last Annual General Meeting
		Held during Tenure	Attended	
1	Dr. Kakasaheb Mahadik	1	1	Yes
2	Mr. Padmakar Joshi	1	1	Yes
3	Mr. Niraj Dhadiwal	1	1	Yes

**8) 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
38 <sup>th</sup> AGM for the year ended March 31, 2022	Video Conferencing (VC)/Other Audio- Visual Means (OAVM)	19.09.2022	12:30 p.m.	One Special Resolution was passed.
37 <sup>th</sup> AGM for the year ended March 31, 2021	Video Conferencing (VC)/Other Audio- Visual Means (OAVM)	30.09.2021	12:30 p.m.	One Special Resolution was passed.
36 <sup>th</sup> AGM for the year ended March 31, 2020	Video Conferencing (VC)/Other Audio- Visual Means (OAVM)	30.09.2020	11:00 a.m.	Two Special Resolutions were passed.

**9) Means of Communication :**

- The quarterly, half-yearly and annual financial results of the Company are published in leading newspapers in India which include The Indian Express, Financial Express, Economic Times and Loksatta. The results are also displayed on the Company's website at [www.zimlab.in](http://www.zimlab.in). Financial Results, statutory Notices, Press Releases and Presentations made to the institutional investors/ analysts after the declaration of the quarterly, half-yearly and annual results are submitted to the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) as well as uploaded on the Company's website i.e [www.zimlab.in](http://www.zimlab.in).
- All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, Media Releases are electronically filed with BSE and NSE on the Listing Centre and NEAPS Portal respectively which are further disseminated by the exchanges to Public.

**10) General Shareholder information:**

i. AGM: Date, time and venue	The 39 <sup>th</sup> Annual General Meeting of the Company is scheduled to be held on 10 <sup>th</sup> July, 2023 at 11:30 a.m. Deemed venue : Sadoday Gyan (Ground Floor), Opp. NADT, Nelson Square, Nagpur – 440013. (Registered Office)
ii. Financial Year	01 <sup>st</sup> April 2022 - 31 <sup>st</sup> March 2023
iii. Dividend Payment Date	Not applicable
iv. Listed on stock exchange	BSE Limited and National Stock Exchange of India Limited, Listing Fees as applicable has been paid.
v. Stock Code	1. BSE Limited : 541400 2. NSE Limited : ZIMLAB
vi. ISIN Code	INE518E01015
vii. Registrar and Share Transfer Agent	Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083 Tel No : +91 22 49186000 Email Id: rnt.helpdesk@linkintime.co.in

**Share Transfer System:**

Shares of the company are traded compulsorily in dematerialised form and are transferable through depository system. As mandated by SEBI, securities of the Company can be transferred /traded only in dematerialised form. Further, SEBI vide its circular dated January 25, 2022, mandated that all service requests for issue of duplicate certificate, claim from unclaimed suspense account, renewal/exchange of securities certificate, endorsement, subdivision/ splitting/ consolidation of certificate, transmission and transposition which were allowed in physical form should be processed in dematerialised form only. The necessary forms for the above request are available on the website of the Company i.e www.zimlab.in.

Shareholders holding shares in physical form are advised to dematerialise their shares.

Shareholders should communicate with Link Intime India Private Limited, the Company’s Registrars & Share Transfer Agent at rnt.helpdesk@linkintime.co.in quoting their folio number or Depository Participant ID and Client ID number, for any queries relating to their securities.

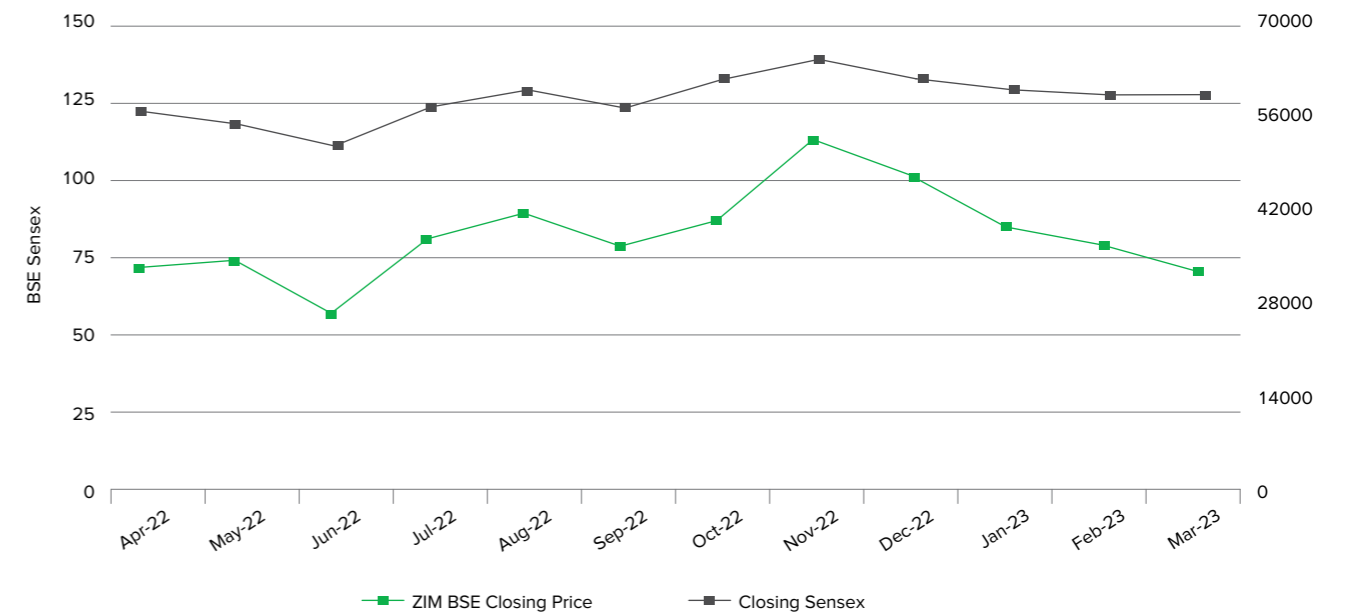
A certificate under Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided to the company by the Company Secretary in practice who undertakes audit at the end of the financial year of share transfer related activities which are submitted by the company to BSE Ltd.

**Market Price Data of the Company’s shares traded on BSE Limited and NSE Limited during the FY 2022-23**

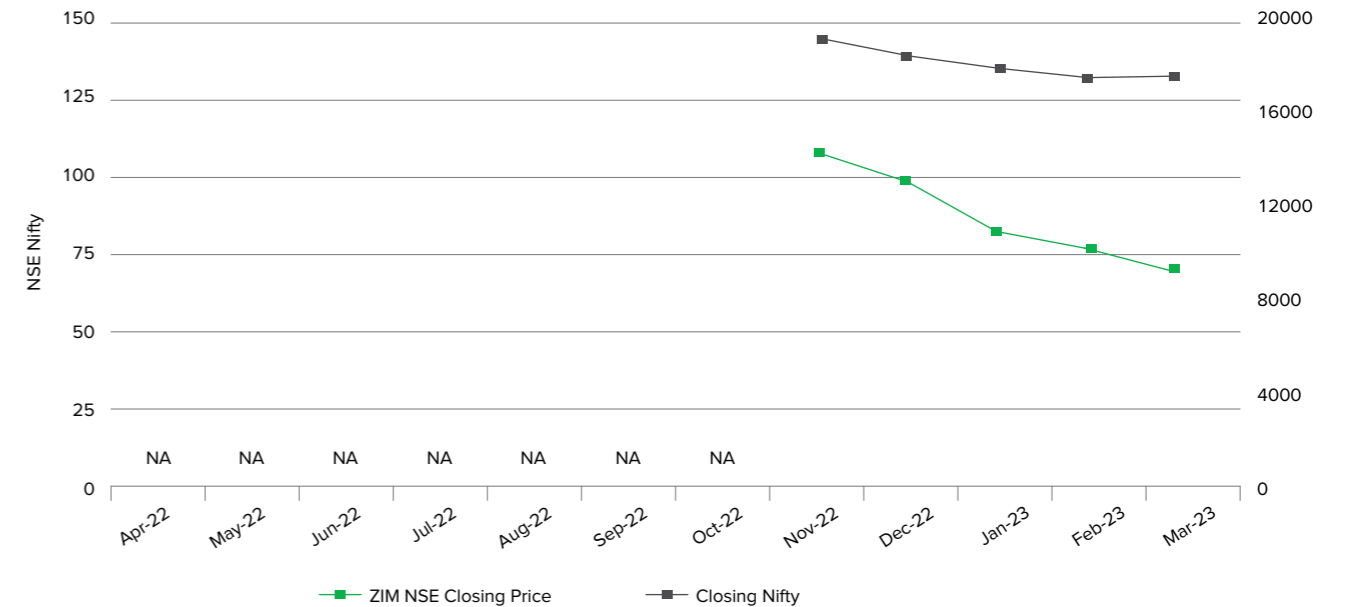
Month	BSE		NSE	
	(₹) High	(₹) Low	(₹) High	(₹) Low
April,2022	84.80	49.08	-	-
May,2022	82.17	59.33	-	-
June,2022	79.65	60.10	-	-
July,2022	88.25	59.43	-	-
August,2022	87.37	65.17	-	-
September,2022	96.10	74.98	-	-
October,2022	90.00	73.43	-	-
November,2022	129.33	83.33	113.17	103.70
December,2022	118.58	97.20	124.35	97.15
January,2023	100.8	78.55	102.15	81.00
February,2023	88.00	71.25	86.60	71.45
March,2023	88.00	67.45	88.20	68.05

Note : The Company listed its shares on National Stock Exchange of India Limited (NSE) on 25<sup>th</sup> November 2022. Therefore market price data is not mentioned for NSE from April 2022 to October 2022

**Share Price performance in comparison to broad – based Indices - BSE Sensex :**



**Share Price performance in comparison to broad – based Indices - NSE Nifty :**



Note : The Company listed its shares on National Stock Exchange of India Limited (NSE) on 25<sup>th</sup> November 2022. Therefore market price data is not mentioned for NSE from April 2022 to October 2022

## Distribution of Shareholding pattern as on 31.03.2023

Nominal Value of Shareholding	No. of Shareholders	% of Shareholders	Total Shares	% of Share
Upto 500	3,848	64.2404	5,02,960	1.03
501 – 1000	1,391	23.222	8,73,394	1.79
1001 – 2000	371	6.1937	5,26,702	1.08
2001 – 3000	141	2.3539	3,79,910	0.78
3001 – 4000	40	0.6678	1,40,150	0.29
4001 – 5000	38	0.6344	1,70,665	0.35
5001 – 10000	65	1.0851	4,51,686	0.93
10001 and above	96	1.6027	4,56,80,347	93.75
<b>Total</b>	<b>5,990</b>	<b>100</b>	<b>4,87,25,814</b>	<b>100</b>

Shareholding pattern as on 31.03.2023 of equity shares as per Regulation 31 of SEBI (Listing Obligation & Disclosure Requirement) Regulation, 2015.

Category	No. of Shares	Percentage
Promoter & Promoter Group	1,62,07,980	33.26
Other Bodies Corporate	22,65,320	4.65
Non-Resident Indians	10,91,697	2.25
Foreign Individuals	12,95,208	2.66
Public	2,78,65,609	57.18
<b>Total</b>	<b>4,87,25,814</b>	<b>100.00</b>

## Dematerialisation of shares :

Category	No. of Shares	Percentage
In NSDL	4,30,35,715	88.32
In CDSL	26,61,671	5.46
In Physical form	30,28,428	6.22
<b>Total</b>	<b>4,87,25,814</b>	<b>100.00</b>

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

**Dematerialization of shares and liquidity:**

The Company's shares are compulsorily traded in dematerialized form on BSE and NSE. Equity shares of the Company representing 93.78 percent of the Company's equity share capital were dematerialized as on 31<sup>st</sup> March 2023.

**Foreign exchange risk and hedging activities :**

Being an exporter, the company earns about 85% of the revenue from Exports to various markets across the world. As a process, the exchanges are received in the EEFC account maintained at the scheduled bank. The Imports are being financed through the available balances in the EEFC account.

The Company also availed the EPC/PCFC/PSFC/FBD/FBN/FBP facility from the lead Consortium Banker Bank of India. The exchange inflow is being utilized for satisfaction of the credit availed through the referred facility.

This referred process provides a natural hedge to the company.

**Credit Ratings:** The Credit rating agency CARE Rating Limited has assigned credit rating CARE BBB ; Stable to the Long-term Bank Facilities and CARE A3 to Short-term Bank Facilities of the Company, vide their Press Release dt. June 05, 2023.

**Plant locations :**

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

**Address for correspondence:****Registered Office :**

Mr. Piyush Nikhade, Company Secretary  
ZIM Laboratories Limited  
Sadoday Gyan (Ground Floor) Opp. NADT,  
Nelson Square, Nagpur-440 013  
Ph. : 0712-2981960  
Email ID : cs@zimlab.in

**For Share Transfer matters :**

Link Intime India Private Limited,  
C-101, 247 Park, L.B.S. Marg, Vikhroli (W)  
Mumbai - 400 083 Ph. (022) 49186000  
Email ID : rnt.helpdesk@linkintime.co.in

**For any other matter:**

Investor Relations,  
ZIM Laboratories Limited  
Sadoday Gyan (Ground Floor) Opp. NADT,  
Nelson Square, Nagpur-440 013  
Ph. : 0712-2981960  
Email ID : ir@zimlab.in

**11) 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 31<sup>st</sup> March, 2023 that had potential conflict with the interest of the Company. All transactions entered with the related parties during the year ended 31<sup>st</sup> March 2023 as mentioned under the Companies Act, 2013, and Regulations 23 and 27(2)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were in the ordinary course of business and on arm's length basis.

- (ii) Details of non-compliance :

There were no non-compliances during the year ended 31.03.2023.

- (iii) Disclosure by Senior Management in accordance with Regulation 4 (1)(i), (2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 :

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.

- (iv) Whistle Blower Policy :

The Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is implemented through the Company's Whistle Blower Policy to enable the Directors, employees and all stakeholders of the Company to report genuine concerns, to

provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee.

Whistle Blower Policy of your Company is available on the Company's website at <https://www.zimlab.in/investor-reports-policies>

It is affirmed that no personnel have been denied 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) Policy on determining 'material' subsidiaries is disclosed on website of the company at <https://www.zimlab.in/investor-reports-policies>

(vii) Policy on dealing with related party transactions is disclosed on the website of the company at <https://www.zimlab.in/investor-reports-policies>

(viii) A Certificate from Ms. Roshni Jethani, Company Secretary in Practice has been received, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

(ix) Walker Chandio & Co. LLP, Chartered Accountants (Firm Registration No.001076N/ N500013) has been appointed as the Statutory Auditor of the Company. The particulars of payment of Statutory Auditors' fees for all the services provided by them, on consolidated basis is : ₹ 56.88 Lakhs.

(x) Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2018:

The details have been disclosed in the Board Report, which forms part of the Annual Report.

(xi) Disclosure of Loans and advances in the nature of Loans to firms/companies in which directors are interested by name and amount : The company has not provided loans and advances in the nature of Loan to firms/companies in which directors are interested.

(xii) Disclosure on Discretionary requirement as specified in Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 :

- Modified opinion(s) in audit report: The auditor's report on financial statements of the Company are unqualified.
- Reporting of Internal Auditors: Internal auditors of the Company make quarterly presentations to the audit committee on their reports.

(xiii) Declaration by the CEO (Managing Director), Director (Finance) and Chief Financial Officer :

Dr. Anwar Siraj. Daud, Managing Director; Mr. Zulfiqar Murtaza Kamal, Director (Finance); and Mr. Shyam Mohan Patro, Chief Financial Officer of the Company, has furnished to the Board, the requisite Compliance Certificate under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended 31.03.2023 and the same is annexed to this report.

(xiv) Compliance with corporate governance requirements.

The Company has complied with the requirements of corporate governance specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation of Regulation 46 of the SEBI Listing Regulations. Compliance Certificate issued by Ms. Roshni Jethani, Company Secretary in Practice regarding compliance of conditions of Corporate Governance is annexed and forms part of this report.

Disclosures with respect to demat suspense account/ unclaimed suspense account:

In accordance with the requirement of Regulation 34 (3) and Part F of the Schedule V of the Listing Regulations 2015, the Company reports the following details in respect of equity shares lying in the Unclaimed Suspense account :

Particulars	Number of shareholders	Number of Equity Shares
Aggregate number of shareholders and outstanding shares in the suspense account at the beginning of the Financial Year 2023	1,718	3,07,010
Less: Number of shareholders who approached the Company for transfer of shares and shares transferred from Suspense Account during Financial Year 2023	NIL	NIL
Less: Number of shares Transferred to Investor Education and Protection Fund (IEPF)	NIL	NIL
Aggregate number of shareholders and outstanding shares in the suspense account at the end of the Financial Year 2023	1,676	4,20,300*

\*The Company has issued Bonus Equity Shares to shareholders holding shares on record date i.e., 22.12.2022. Therefore, the number of shares has increased during the period.

The voting rights on these shares shall remain frozen until the rightful owner of such shares claims the shares.

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 is as follows :-

Declaration on Code of Conduct

The Company is committed to conducting its business in accordance with the applicable laws, Rules and Regulations and with the highest standards of business ethics. The Company has adopted a "Code of Ethics and Business Conduct" which is applicable to all directors, officers and employees.

I hereby certify that the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Ethics and Business conduct for the year 2022-23

**For and on behalf of the Board of Directors**

**(Anwar Siraj Daud)**

Chairman

DIN : 00023529

Place : Nagpur

Date : 16<sup>th</sup> June, 2023

## CEO AND CFO COMPLIANCE CERTIFICATE

To  
The Board of Directors of  
**ZIM Laboratories Limited**

As required under Regulation 17(8) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we, Anwar Daud, Managing Director, Zulfiqar Kamal, Director (Finance), and Shyam Mohan Patro, Chief Financial Officer, certify that: -

- A. We have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2023 and that to the best of our knowledge and belief:
  - (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee :
  1. There have been no significant changes in internal control over financial reporting during the year;
  2. There have been no significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  3. We have not noticed any fraud, particularly those involving the management or an employee having a significant role in the Company's internal control system over Financial Reporting.

**(Anwar Daud)**  
Managing Director

**(Zulfiqar Kamal)**  
Director (Finance)

**(Shyam Mohan Patro)**  
Chief Financial Officer

Place : Nagpur  
Date : 18<sup>th</sup> May, 2023

## CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members  
**ZIM Laboratories Limited**  
Sadoday Gyan (Ground Floor),  
Opp. NADT, Nelson Square,  
Nagpur MH 440013 IN.

1. I have examined the compliance of the conditions of Corporate Governance by ZIM Laboratories Limited ('the Company') for the year ended on 31<sup>st</sup> March, 2023, as stipulated under Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paras C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments from time to time ("SEBI Listing Regulations").

### Management's Responsibility

2. The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

### Opinion

3. Based on my examination of the relevant records and according to the information and explanations provided to me and the representations provided by the Management, in my opinion the Company has complied in all material respects with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31<sup>st</sup> March, 2023.
4. I state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Date: 7<sup>th</sup> June, 2023  
Place: Nagpur

**(CS Roshni Jethani)**  
Practicing Company Secretary  
ACS No. 48849  
CP No. 17722  
Peer Review No.: 1244/2022  
UDIN: A048849E000464220

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

To  
The Members  
**ZIM Laboratories Limited**  
Sadoday Gyan (Ground Floor),  
Opp. NADT, Nelson Square,  
Nagpur-440013.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of ZIM Laboratories Limited, having Corporate Identification Number (CIN) L99999MH1984PLC032172 and having registered office at Sadoday Gyan (Ground Floor), Opp. NADT, Nelson Square, Nagpur-440013 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub clause (10) (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications [including Director Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	DIN	Name of Director	Date of appointment
1	00023529	Dr. Anwar Daud	01/04/2009
2	01786763	Mr. Zulfiquar Kamal	19/10/2012
3	02007385	Mr. Prakash Sapkal	22/11/2013
4	02007428	Mr. Niraj Dhadiwal	22/11/2013
5	07943519	Mrs. Kavita Loya	21/09/2017
6	07944709	Mr. Padmakar Joshi	21/09/2017
7	08688418	Dr. Kakasaheb Mahadik	01/04/2022
8	09537666	Dr. Kamlesh Shende	01/04/2022

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**(CS Roshni Jethani)**  
Practicing Company Secretary  
Membership No. 48849  
COP No. 17722  
Peer Review No.: 1244/2022  
UDIN : A048849E000460601

Place: Nagpur  
Date: 6<sup>th</sup> June, 2023

## Annexure - V

As per the provisions of Section 197 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company is required to disclose the following information in the Board's Report.

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year;

Name of the Director	Ratio with median Remuneration
Dr. Anwar Daud	33.30
Mr. Zulfiquar Kamal	23.49
Mr. Niraj Dhadiwal	19.34
Mr. Prakash Sapkal	19.34
Mr. Padmakar Joshi	1.54
Mrs. Kavita Loya	1.98
Dr. Kakasaheb Mahadik	1.54
Dr. Kamlesh Shende	1.54

- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Name of the Director	% Increase in Remuneration in FY 2022-23
Dr. Anwar Daud	25.83%
Mr. Zulfiquar Kamal	29.09%
Mr. Niraj Dhadiwal	16.64%
Mr. Prakash Sapkal	18.22%
Ms. Kavita Loya	50.00%
Mr. Padmakar Joshi	600.00%
Dr. Kakasaheb Mahadik**	NA
Dr. Kamlesh Shende**	NA
Mr. Shyam Patro*	04.27%
Mr. Piyush Nikhade*	21.44%

\*One time reward has been excluded from the calculation.

\*\* The Directors have been appointed as Independent Director effective from 1<sup>st</sup> April, 2022, therefore remuneration for last year is not comparable.

The details mentioned above are based on Standalone Financials.

- (iii) The percentage increase in the median remuneration of employees in the financial year : 08.05%
- (iv) the number of permanent employees on the rolls of company : 525
- (v) Average percentage change made in the salaries of eligible employees other than managerial personnel in the financial year ending March 31, 2023 was approximately 15.68 % and the average increase in managerial personnel remuneration was 22.14 %.
- (vi) The Company affirms that the remuneration paid for FY 2022-23 to the Managerial and Non-Managerial Personnel is as per the remuneration policy of the Company.
- (vii) The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

## Annexure - VI

### FORM AOC - 1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 and rule 8(1) of the Companies (Accounts) Rules, 2014) Statement containing salient features of the financial statement of subsidiaries as on 31.03.2023

(₹ in Lakhs)

Sr. No.	Particulars	Name of the Subsidiary			
		ZIM Laboratories FZE	ZIM Health Technologies Limited	SIA ZIM Laboratories Limited	ZIM Thinorals Private Limited
1	Date since when subsidiary was acquired/ incorporated	09.06.2014	16.05.2019*	06.09.2019	18.05.2021
2	Reporting currency	AED	INR	EURO	INR
3	Exchange Rate as on 31.03.2023	22.37	1.00	89.44	1.00
4	Share Capital	731.57	40.00	30.87	10.00
5	Reserves & Surplus	707.69	38.57	(146.02)	(0.36)
6	Total Assets	1,810.02	197.91	122.65	9.79
7	Total Liabilities	370.76	119.34	237.80	0.15
8	Investments	-	-	-	-
9	Turnover	3,621.06	256.02	-	-
10	Profit / (Loss) before Tax	3.11	4.31	(63.52)	(0.20)
11	Provision for Tax	-	1.13	-	-
12	Profit / (Loss) after Tax	3.11	3.18	(63.52)	(0.20)
13	Proposed Dividend	-	-	-	-
14	Extent of Shareholding (in percentage)	100%	100%	100%	100%

\*The date of Board approval for acquisition of the Company is considered as the date of acquisition.

For and on behalf of the Board of Directors of ZIM Laboratories Limited

**(Anwar Siraj Daud)**  
Managing Director

**(Zulfiqar Kamal)**  
Director (Finance)

**(Shyam Mohan Patro)**  
Chief Financial Officer

**(Piyush Nikhade)**  
Company Secretary

Place: Nagpur  
Date: 19<sup>th</sup> May, 2023

#### Notes:

- Names of subsidiaries, which are yet to commence operations:
  - ZIM Thinorals Private Limited
  - SIA ZIM Laboratories Limited
- Names of subsidiaries, which have been liquidated or sold during the year : NIL

## FINANCIAL STATEMENTS

# Independent Auditor's Report

## To the Members of ZIM Laboratories Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

- We have audited the accompanying consolidated financial statements of **ZIM Laboratories Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries, together referred to as 'the Group'), as listed in **Annexure 1**, which comprise the Consolidated Balance Sheet as at **31 March 2023**, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity for the year then ended, notes to the consolidated financial statements, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.
- 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 reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements ("the financial statements") give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group as at **31 March 2023**, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.
- We have determined the matters described below to be the key audit matters to be communicated in our report.

#### Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matter

- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p><b>a) Capitalization and realizability of 'Product Marketing Authorization' Rights</b></p> <p>(Refer Note 2(f) to the accompanying consolidated financial statements for accounting policy and Note 5(A) and 5(B) for the related disclosures)</p> <p>The Group has applied for registration of its various pre-formulated products in different countries. The applications have been made to secure marketing rights / product authorization's in respective geographies, which are subject to regulatory approvals. The expenses towards registrations are capitalized as 'Product Marketing authorizations'. Such 'Product Marketing Authorization' (marketing rights) primarily include costs pertaining to bioequivalence studies, analytical method validation studies and product registration costs in respective geographies.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of the management process and controls for calculating the amount to be capitalized and their realizability, and assessed the consistency of the accounting policies with relevant accounting standards;</li> <li>Tested the mathematical accuracy of the amounts capitalized as marketing rights and also evaluated key assumptions regarding market potential used by the Group, on sample basis.</li> <li>Verified sample of costs expensed to supporting documentation such as study reports, invoices and payment records to ensure the correctness of the amounts being expensed.</li> </ul>

## Independent Auditor's Report on the Audit of the Consolidated Financial Statements

Key audit matters	How our audit addressed the key audit matters
<p>Based on management's expectation of its commercial utilization of these products, these costs are amortized over a period of three years from the date of capitalization.</p> <p>For marketing rights under process of approval, the primary risk relates to timely securing of requisite regulatory approvals. For capitalized marketing rights, the key risk is the ability to successfully commercialize the individual product concerned in the respective geography over the expected timelines.</p> <p>The assumptions/judgement applied by management in determining the recoverable value of such rights include expected contributions from projected business generated in respective countries. Changes in these assumptions could lead to an impairment to the carrying value of the intangible asset.</p> <p>Considering the amounts involved, inherent subjectivity and significant management judgement involved to estimate the recoverable value of the marketing rights, the matter has been considered to be a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"> <li>Obtained an understanding from management as to the status of each marketing right under process and corroborating, on sample basis, these status assessments from the communication of the Company's management (as distinct from the financial management function) with respective authorities.</li> <li>In respect of marketing rights for products that have received regulatory approvals, we assessed the useful life and amortization period for the capitalized costs and challenged their total estimated profitability based on results achieved till date</li> <li>In respect of marketing rights for products that are no longer considered viable, we determined whether the carrying amount had been appropriately written off.</li> </ul> <p>Evaluated the adequacy of the related disclosures made in the consolidated financial statements.</p>

### Information other than the Consolidated Financial Statements and Auditor's Report thereon

- The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of auditors report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

- The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance

with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 Board of Directors of the Holding Company, as aforesaid.

- In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of those entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the entity or to cease operations, or has no realistic alternative but to do so.
- Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.



## Independent Auditor's Report on the Audit of the Consolidated Financial Statements

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's

report. However, future events or conditions may cause the Group to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

15. We did not audit the financial statements of three subsidiaries, whose financial statements (before eliminating inter-company balances) reflect total assets of ₹ 2,139.23 lakhs and net assets of ₹ 1,402.67 lakhs as at **31 March 2023**, total revenues (before eliminating inter-company transactions) of ₹ 3,877.62 lakhs and net cash inflows amounting to ₹ 220.27 lakhs for the year ended on that date, as considered in the consolidated

## Independent Auditor's Report on the Audit of the Consolidated Financial Statements

financial statements. These financial statements have been audited by other auditors, whose reports have 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 these subsidiaries, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.

Further, of these subsidiaries, two subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in its respective country and which has been audited by other auditor under International Standards on Auditing. The Holding Company's management has converted the financial statements of such subsidiaries 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 on the consolidated financial statements, in so far as it relates to the balances and affairs of such subsidiaries located outside India, is based on the report of other auditor 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, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries, we report that the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditors of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.
18. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other

financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act, 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 Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
- 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, and the reports of the statutory auditors of its subsidiary companies, covered under the Act, none of the directors of the Group companies are disqualified as on **31 March 2023** 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 with reference to financial statements of the Holding Company, and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A' wherein we have 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 and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 47 (A) to the consolidated financial statements;

## Independent Auditor's Report on the Audit of the Consolidated Financial Statements

- ii. The Holding Company and its subsidiaries companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at **31 March 2023**;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies covered under the Act, during the year ended **31 March 2023**.
- iv. a) The respective managements of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, on the date of this audit report, no funds have been advanced or loaned or invested either from borrowed funds or securities premium or any other sources or kind of funds by the Holding Company or its subsidiary companies to or in any person or entity, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies, ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
- b) The respective managements of the Holding Company and its subsidiary companies, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, on the date of this audit report, no funds have been received by the Holding Company or its subsidiary companies from any person or entity, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies shall, whether directly or indirectly, lend or invest in other person or entity identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Holding Company and its subsidiary companies have not declared or paid any dividend during the year ended **31 March 2023**.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year

For **Walker Chandiok & Co LLP**Chartered Accountants  
Firm's Registration No.: 001076N/N500013**Khushroo B. Panthaky**  
Partner  
Membership No.: 042423  
UDIN: 23042423BGWINY6241Place: Nagpur  
Date: 19 May 2023

## Independent Auditor's Report on the Audit of the Consolidated Financial Statements

**Annexure 1** referred to in Paragraph 1 of 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 2023**

## List of entities included in the Statement

## Wholly owned subsidiary companies

- ZIM Laboratories FZE
- ZIM Health Technologies Limited
- SIA 'ZIM Laboratories Limited' and
- ZIM Thinorals Private Limited

## 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 2023

### Independent Auditor's Report on the internal financial controls with reference to the Consolidated financial statements 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 Consolidated financial statements of **ZIM Laboratories Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') as at and for the year ended **31 March 2023**, we have audited the internal financial controls with reference to Consolidated financial statements of the Holding Company and its two Indian subsidiaries, which are Companies covered under the Act, as at that date.

### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and two subsidiary companies which are companies covered under the Act are 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 Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (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 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.

### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Consolidated Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Consolidated financial statements of the Holding Company and its two subsidiary companies, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Consolidated financial statements, 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 internal

financial controls with reference to Consolidated financial statements 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 internal financial controls with reference to Consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated financial statements includes obtaining an understanding of such internal financial controls, 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 and the audit evidence obtained by the other auditor in terms of their reports referred to in other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and two subsidiary companies as aforesaid.

### Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

6. A company's internal financial controls with reference to Consolidated financial statements 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 internal financial controls with reference to Consolidated financial statements 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 Consolidated 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 Consolidated financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to Consolidated financial statements, 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 internal financial controls with reference to Consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to Consolidated financial statements 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 which is a company covered under the Act, has, in all material respects, adequate internal financial controls with reference to Consolidated financial statements and such controls were operating effectively as at **31 March 2023**, 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.

### Other Matter

9. We did not audit the internal financial controls with reference to financial statements in so far as it relates to a subsidiary company, which is a company covered

under the Act, whose financial statements (before eliminating intercompany balances / transactions) reflect total assets of ₹ 197.91 lakhs and net assets of ₹ 78.57 lakhs as at **31 March 2023**, total revenues of ₹ 256.56 lakhs and net cash inflows amounting to ₹ 39.89 lakhs for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its two subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such a subsidiary company is based solely on the reports of the auditors of such company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

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

**Khushroo B. Panthaky**  
Partner  
Membership No.: 042423  
UDIN: 23042423BGWINY6241

Place: Nagpur  
Date: 19 May 2023

# Consolidated Balance Sheet

As at 31 March 2023

	Note	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	10,372.07	10,176.75
Capital work-in-progress	4	1,783.85	509.74
Goodwill on consolidation	5(A)	16.94	16.94
Other intangible assets	5(A)	476.79	370.18
Intangible assets under development	5(B)	915.27	664.76
<b>Financial Assets</b>			
Investments	6	5.15	5.15
Other financial assets	7	91.67	155.88
Income tax assets (net)	8	222.49	363.20
Other non-current assets	9	1,178.83	686.58
		<b>15,063.06</b>	<b>12,949.18</b>
<b>Current assets</b>			
Inventories	10	5,370.62	7,528.42
<b>Financial Assets</b>			
Trade receivables	11	9,524.87	8,952.07
Cash and cash equivalents	12	642.05	342.03
Bank balances other than cash and cash equivalents	13	109.80	155.15
Loans	14	4.53	2.14
Other financial assets	15	9.70	25.31
Other current assets	16	3,433.23	4,208.54
		<b>19,094.80</b>	<b>21,213.66</b>
		<b>34,157.86</b>	<b>34,162.84</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	17	4,872.58	1,624.19
Other equity	18	15,162.02	15,946.76
		<b>20,034.60</b>	<b>17,570.95</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	19	2,462.45	1,892.34
Lease liabilities	20	101.78	72.23
Deferred tax liabilities (net)	21	480.32	36.33
		<b>3,044.55</b>	<b>2,000.90</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	22	3,494.36	3,238.40
Lease liabilities	23	157.22	140.74
Trade payables	24		
- total outstanding due of micro enterprises and small enterprises		232.97	191.80
- total outstanding due of creditors other than micro enterprises and small enterprises		5,590.93	7,915.29
Other financial liabilities	25	838.62	423.00
Other current liabilities	26	705.12	2,403.52
Provisions	27	59.49	71.68
Current tax liabilities (net)	28	-	206.56
		<b>11,078.71</b>	<b>14,590.99</b>
		<b>14,123.26</b>	<b>16,591.89</b>
		<b>34,157.86</b>	<b>34,162.84</b>
<b>TOTAL LIABILITIES</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>			
Significant accounting policies and other explanatory information	1 - 53		

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

For and on behalf of the Board of Directors

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013**Anwar S. Daud**  
Managing Director  
DIN: 00023529**Zulfiqar M. Kamal**  
Director (Finance)  
DIN: 01786763**Khushroo B. Panthaky**  
Partner  
Membership No.: 042423**Shyam Mohan Patro**  
Chief Financial Officer**Piyush Nikhade**  
Company SecretaryPlace: Nagpur  
Date: 19 May 2023Place: Nagpur  
Date: 19 May 2023

# Consolidated Statement of Profit and Loss

For the year ended 31 March 2023

	Note	Year ended 31 March 2023	Year ended 31 March 2022
(₹ in Lakhs)			
<b>I. Income</b>			
Revenue from operations	29	39,852.71	33,342.68
Other income	30	641.32	440.27
<b>Total Income</b>		<b>40,494.03</b>	<b>33,782.95</b>
<b>II. Expenses</b>			
Cost of materials consumed	31	16,498.32	16,060.98
Purchase of stock in trade	32	1,739.16	940.64
Changes in inventories of finished goods and work-in-progress	33	1,646.35	(966.90)
Employee benefits expense	34	4,931.82	4,006.59
Finance costs	35	557.54	830.62
Depreciation and amortisation expense	36	1,746.90	1,603.31
Other expenses	37	9,838.44	9,203.46
<b>Total Expenses</b>		<b>36,958.53</b>	<b>31,678.70</b>
<b>III. Profit before tax</b>		<b>3,535.50</b>	<b>2,104.25</b>
<b>IV. Tax (expense):</b>			
(i) Current Tax		(629.09)	(354.47)
(ii) Tax adjustment pertaining to earlier years		-	0.35
(iii) Deferred Tax		(462.96)	(295.09)
		<b>(1,092.05)</b>	<b>(649.21)</b>
<b>V. Net Profit after tax</b>		<b>2,443.45</b>	<b>1,455.04</b>
<b>VI. Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
- Measurements of defined employee benefit plans		(65.13)	6.44
- Income tax relating to items that will not be reclassified to profit or loss		18.97	(1.88)
<b>Items that may be reclassified to profit or loss</b>			
- Gains and losses arising from translating the financial statements of foreign operation		113.86	36.35
- Income tax relating to items that will be reclassified to profit or loss		-	-
		<b>67.70</b>	<b>40.91</b>
<b>VII. Total Comprehensive Income (attributable to owners)</b>		<b>2,511.15</b>	<b>1,495.95</b>
<b>VIII. Earnings per equity share: Nominal value of ₹ 10 each</b>			
Basic (in ₹)	50	5.01	2.99
Diluted (in ₹)		5.01	2.99
Significant accounting policies and other explanatory information	1 - 53		

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

For and on behalf of the Board of Directors

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013**Anwar S. Daud**  
Managing Director  
DIN: 00023529**Zulfiqar M. Kamal**  
Director (Finance)  
DIN: 01786763**Khushroo B. Panthaky**  
Partner  
Membership No.: 042423**Shyam Mohan Patro**  
Chief Financial Officer**Piyush Nikhade**  
Company SecretaryPlace: Nagpur  
Date: 19 May 2023Place: Nagpur  
Date: 19 May 2023

## Consolidated Statement of Cash Flow

For the year ended 31 March 2023

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>3,535.50</b>	<b>2,104.25</b>
Depreciation and amortisation expense	1,746.90	1,603.31
Government Incentive	(8.20)	(8.20)
Interest on lease deposits	(9.21)	(8.26)
(Gain) on sale of property, plant and equipment (net)	(2.00)	(5.70)
Property, plant and equipment written off	65.97	0.30
Unrealized foreign exchange (gain)	(101.76)	(97.63)
Provision for employee benefits	(105.46)	(100.82)
Dividend income on investments	(0.60)	(0.60)
Interest income	(6.82)	(17.28)
Bad debts written off	-	5.47
Loss allowance - trade receivables	79.14	-
Finance costs	557.54	830.62
<b>Operating profit before working capital changes</b>	<b>5,751.00</b>	<b>4,305.46</b>
Movement in working capital :		
Increase in trade & other payables and provisions	(3,711.46)	2,950.73
(Increase)/decrease in inventories	2,157.80	(2,093.70)
(Increase)/decrease in trade and other receivables	269.46	(198.97)
<b>Net Cash generated from operations</b>	<b>4,466.80</b>	<b>4,963.52</b>
Direct taxes paid (net of refunds)	(714.85)	(42.91)
<b>Net cash generated from operating activities (A)</b>	<b>3,751.95</b>	<b>4,920.61</b>
<b>Cash flow from investing activities</b>		
Purchases of property, plant and equipment and intangibles (Refer note i)	(3,666.79)	(1,522.53)
Sale proceeds of property, plant and equipment	2.00	16.00
Maturity of bank deposits (having original maturity of more than three months)	35.99	29.95
Interest received	7.85	18.85
Dividend received	0.60	0.60
<b>Net cash used in investing activities (B)</b>	<b>(3,620.35)</b>	<b>(1,457.13)</b>
<b>Cash flow from financing activities</b>		
Transaction cost for issue of bonus shares (Refer note 17(d))	(47.50)	-
Proceeds from long term borrowings	1,835.30	2,707.01
(Repayment) of long term borrowings	(1,547.08)	(2,993.00)
(Repayment)/proceeds of short term borrowings	559.16	(2,737.85)
(Repayment) of lease obligations	(191.97)	(122.58)
Maturity of bank deposits towards margin money against borrowings	-	642.01
Finance costs paid	(553.35)	(792.64)
Changes in unclaimed dividend bank balances	5.85	16.78
Dividends paid on equity shares (unclaimed)	(5.85)	(16.78)
<b>Net cash generated from/ (used in) financing activities (C)</b>	<b>54.56</b>	<b>(3,297.05)</b>
<b>Change in currency fluctuation reserve arising on consolidation (D)</b>	<b>113.86</b>	<b>36.35</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C+D)</b>	<b>300.02</b>	<b>202.78</b>
Opening cash and cash equivalents	342.03	139.25
<b>Closing cash and cash equivalents</b>	<b>642.05</b>	<b>342.03</b>

## Consolidated Statement of Cash Flow (Contd.)

For the year ended 31 March 2023

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>Components of cash and cash equivalents</b>		
Cash on hand	8.02	13.41
Balances with banks in:		
- Current accounts	634.03	328.62
<b>Total cash and cash equivalents (Refer note 12)</b>	<b>642.05</b>	<b>342.03</b>

**Notes:**

- Includes capital work-in-progress, capital advance, payables for property, plant and equipment and intangible assets under development.
- The Statement of Cashflow has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) Statement of Cash flows.

Significant accounting policies and other explanatory information 1 - 53

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

**For and on behalf of the Board of Directors**

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

**Anwar S. Daud**  
Managing Director  
DIN: 00023529

**Zulfiqar M. Kamal**  
Director (Finance)  
DIN: 01786763

**Khushroo B. Panthaky**  
Partner  
Membership No.: 042423

**Shyam Mohan Patro**  
Chief Financial Officer

**Piyush Nikhade**  
Company Secretary

Place: Nagpur  
Date: 19 May 2023

Place: Nagpur  
Date: 19 May 2023

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

## Equity share capital (Refer note 17)

	Number of shares	₹ in lakhs
<b>As at 01 April 2021</b>	16,241,938	1,624.19
Changes during the year	-	-
<b>As at 31 March 2022</b>	16,241,938	1,624.19
Changes during the year	32,483,876	3,248.39
<b>As at 31 March 2023</b>	<b>48,725,814</b>	<b>4,872.58</b>

## Other equity (Refer note 18)

	Reserves & Surplus				Total
	Securities premium	General reserve	Foreign currency monetary items translation	Retained earnings	
<b>Opening balance as at 1 April 2021</b>	4,098.87	106.20	45.93	10,199.81	14,450.81
<b>Transactions during the year</b>					
<b>Total comprehensive income for the year</b>					
Net Profit for the year	-	-	-	1,455.04	1,455.04
OCI for the year	-	-	36.35	4.56	40.91
<b>Closing balance as at 31 March 2022</b>	4,098.87	106.20	82.28	11,659.41	15,946.76
<b>Transactions during the year</b>					
<b>Total comprehensive income for the year</b>					
Net Profit for the year	-	-	-	2,443.45	2,443.45
OCI for the year	-	-	113.86	(46.16)	67.70
Amount utilized for issue of bonus shares	(3,248.39)	-	-	-	(3,248.39)
Transaction cost for issue of bonus shares	(47.50)	-	-	-	(47.50)
<b>Closing balance as at 31 March 2023</b>	<b>802.98</b>	<b>106.20</b>	<b>196.14</b>	<b>14,056.70</b>	<b>15,162.02</b>

This is the Statement of Changes in Equity referred to in our report of even date

### For and on behalf of the Board of Directors

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

**Anwar S. Daud**  
Managing Director  
DIN: 00023529

**Zulfiquar M. Kamal**  
Director (Finance)  
DIN: 01786763

**Khushroo B. Panthaky**  
Partner  
Membership No.: 042423

**Shyam Mohan Patro**  
Chief Financial Officer

**Piyush Nikhade**  
Company Secretary

Place: Nagpur  
Date: 19 May 2023

Place: Nagpur  
Date: 19 May 2023

# Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

## 1. Background of the Company

ZIM Laboratories Limited ('the Company / Holding Company / Parent') 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. Company also has wholly owned subsidiaries (ZIM Laboratories FZE,UAE , SIA ZIM Laboratories Limited, Latvia, ZIM Health Technologies Limited, India and ZIM Thinorals Private Limited, India) (the Company and its subsidiaries are together referred to as 'the Group') which are engaged in manufacturing & wholesale of pharmaceutical products, market research and research & development activities.

The consolidated financial statements ("the financial statements") of the Company for the year ended 31 March 2023 were authorised for issue in accordance with resolution of the Board of Directors on 19 May 2023.

## 2. Significant Accounting Policies

### a Basis for preparation of financial statements

#### (i) Compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India.

The accounting policies are applied consistently to all the periods presented in the financial statements.

#### (ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- 1) certain financial assets and liabilities that are measured at fair value;
- 2) assets held for sale - measured at lower of carrying amount or fair value less cost to sell;
- 3) defined benefit plans - plan assets measured at fair value;

#### (iii) Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the group's normal operating cycle (not exceeding twelve months) and other criteria set out in the Schedule III to the Act.

#### (iv) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

### b Principles of consolidation

#### - Subsidiary

Subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the Holding Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

### c Use of estimates

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the group and are based on historical experience and various other assumptions and factors (including expectations of future events) that the group believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/ materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

### d Property, plant and equipment (including Capital Work-in-Progress)

The group had applied for the one time transition exemption of considering the carrying cost on the transition date i.e. 01 April 2016 as the deemed cost under IND AS. Hence regarded thereafter as historical cost.

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

### e Depreciation methods and estimated useful lives

The group provides for depreciation on additions and disposals made during the year on pro-rata basis from the date of additions upto the date of disposal. Depreciation on property, plant and equipment is provided under the straight line method over the useful lives of assets, as prescribed under Part C of Schedule II of the Act.

Useful life considered for calculation of depreciation for various assets class are as follows:

Assets Class	Useful Life
Building	5 years & 30 years
Plant and Equipment	10 years & 15 years
Electric Installation	10 years
Furniture and Fixtures	10 years
Office Equipment's	3-6 years
Vehicles	8 years

The residual values are not more than 5% of the original cost of the asset.

Leasehold Improvements are amortized over the lower of the lease term or useful life of the respective asset prescribed as above.

Leasehold land, in the nature of finance lease, is amortised over the primary period of lease.

### f Intangible assets (including Intangible assets under development)

Intangible assets are stated at acquisition/development cost, net of tax credit on initial recognition. 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 brands and three years for product marketing authorisations."

### g 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.

### h Measurement and recognition of leases

The Group considers whether contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that convey the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

### Group as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group and any lease payments made in advance of the lease commencement date.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance, fixed), and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest expenses. It is remeasured to reflect any reassessment or modification.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or Statement of profit and loss, as the case may be.

The Group has elected to account for short-term leases and leases of low-value assets using the exemption given under Ind AS 116, Leases. Instead of recognising

a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term or on another systematic basis if that basis is more representative of the pattern of the Group's benefit.

### Group as a lessor

Lease income from operating leases where the Group is a lessor is recognised as income on straight line basis over the lease term .

### i Borrowings and other financial liabilities

Borrowings and other financial liabilities are initially recognised at fair value (net of transaction costs incurred). Difference between the fair value and the transaction proceeds on initial recognition is recognised as an asset / liability based on the underlying reason for the difference.

Subsequently all financial liabilities are measured at amortised cost using the effective interest rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss. The gain / loss is recognised in other equity in case of transaction with shareholders.

### j Borrowing costs

General and specific borrowing costs directly attributable to the acquisition/ construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in Statement of Profit and Loss in the period in which they are incurred.

### k Impairment of non-financial assets

Assessment is carried out at each Balance Sheet date as to whether there is any indication that an asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication of impairment exists, an estimate of the recoverable amount of the asset/cash

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to their recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed if there was no impairment.

### l Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and are credited to statement of profit and loss on a straight-line basis over the expected useful lives of the related assets and presented within other income."

### m Investments and financial assets

#### Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through statement of profit and loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

#### Measurement

At initial recognition, the Group measures a financial asset (excluding trade receivables which do not contain a significant financing component) at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs

of financial assets carried at fair value through profit or loss are expensed in Statement of Profit and Loss.

#### Measurement of debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in Statement of Profit and Loss, when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss. Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in statement of profit and loss and presented net in the Statement of Profit and Loss in the period in which it arises. Interest income from these financial assets is included in other income.

#### Measurement of equity instruments

The group measures its equity investment (other than in subsidiaries) at fair value through profit and loss.

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

However where the group's management makes an irrevocable choice on initial recognition to present fair value gains and losses on specific equity investments in other comprehensive income (Currently no such choice made), there is no subsequent reclassification, on sale or otherwise, of fair value gains and losses to the Statement of Profit and Loss.

#### Impairment of financial assets

The group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the group applies the simplified approach permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables."

#### De-recognition of financial assets

A financial asset is derecognised only when

- The group has transferred the rights to receive cash flows from the financial asset or they have expired or
- The group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

#### Interest income from financial assets

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of

the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

#### n Derivatives and embedded derivatives

The group uses derivative financial instruments i.e. foreign exchange forward contracts to manage its exposure to foreign exchange risks. Such contracts are accounted for at fair value through profit or loss. Derivatives are carried as financial assets/liabilities when the fair value is positive/negative, respectively.

Derivatives embedded in a host contracts that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

#### o Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### p Inventories

Inventories are stated at lower of cost and net realisable value. Cost of raw materials, stores, spares and packing materials is determined at weighted average cost or net realisable value, whichever is lower. The cost of finished goods and work in progress comprises raw materials cost, packing materials cost, direct labour, other direct costs and related production overheads, as applicable. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.



## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### q Foreign Currency Transactions

The functional currency of the Company and its Indian subsidiaries is the Indian Rupee (₹) whereas the functional currency of foreign subsidiaries is the currency of their country of domicile.

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance sheet date and exchange gains or losses arising on settlement and restatement are recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated at year end.

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities are translated at the closing rate on the balance sheet date
- (b) Income and expenses are translated at the average exchange rate (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated based on rates prevailing at the date of transaction).
- (c) All resulting exchange differences are recognised in other comprehensive income

When a foreign operation is sold, the associated exchange differences are reclassified to statement of profit and loss, as part of the gain or loss on sale.

Fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### r Revenue Recognition

The group derives revenues primarily from sale of manufactured goods and traded goods.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products to customers in an amount that reflects the consideration the group expects to receive in exchange for those products.

The group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the group's performance as the group performs; or
2. The group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The group's performance does not create an asset with an alternative use to the group and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

### Other operating revenue -

#### Product development service income

Income from product development is recognised in accordance with the terms of the contract with customers when the related performance obligation is completed, or when risks and rewards of ownership are transferred, as applicable i.e. over time.

The Group enters into certain product development and supply arrangements that, in certain instances, include certain performance obligations. Based on an evaluation of whether or not these obligations are inconsequential or perfunctory, the Group recognises or defers the upfront payments received under these arrangements.

#### Export incentives

Export Incentives under various schemes are accounted in the year of export.

#### Out-licensing income

Revenues include amounts derived from outlicensing income. These income typically depends on achieving certain milestones in accordance with the terms prescribed in the agreement. Milestone payments which

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones, if the milestones are considered substantive, or over the period the Group has continuing performance obligations, if the milestones are not considered substantive.

### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

### Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects entity's unconditional right to consideration (that is, payment is due only on the passage of time). Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. The entity holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

### s Other Income

Interest income for all debt instruments is recognised using the effective interest rate method. Dividend Income is recognised when right to receive the payment is established by the balance sheet date.

### t Employee Benefits

#### Defined Contribution Plan

The group has Defined Contribution Plan for post employment benefit namely Provident Fund and National Pension Fund which are recognised by the income tax authorities and administered through appropriate authorities. The group contributes to a Government administered Provident Fund and National Pension Fund and has no further obligation beyond making its contribution.

The group's contributions to the above fund are charged to Statement of Profit and Loss every year as and when due.

#### Defined Benefit Plan - Gratuity

The group has Defined Benefit Plan comprising of Gratuity. The Gratuity scheme is funded through Group

Gratuity Cum Life Assurance Scheme from LIC. The adequacy of accumulated fund balance available with LIC has been established by comparing such balance based on actuarial valuation carried out by an independent actuary as at the Balance Sheet date and shortfall/ excess, if any, has been provided for/ considered as prepaid.

The liability or asset recognised in the balance sheet in respect of defined gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by actuary applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

#### Compensated Absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. All other absences are treated as long term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end. The group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

#### Termination Benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the group recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

At present, short term benefits are the only employee benefits applicable to the subsidiaries, while all benefits are applicable to the Company.

### u Current and Deferred Tax

Tax expense recognised in the statement of profit and loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Income tax (current-tax) assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets (Including Minimum Alternate Tax(MAT)) are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax is not provided on the initial recognition of goodwill, or on

the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

### v Provisions and Contingent Liabilities

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the group or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### w Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss (excluding other comprehensive income) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a right issue, share split and reverse share splits (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 (excluding other comprehensive income) for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### x Recent accounting pronouncements

Companies (Indian Accounting Standards) Amendment Rules 2023 – 31 March 2023 Standards issued but not effective:

The Ministry of Corporate Affairs has vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 which amends certain accounting standards, and are effective 1 April 2023.

The Rules predominantly amend Ind AS 12-Income Taxes and Ind AS 1-Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications. These amendments are not expected to have any material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

### y Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also need to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information

about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgement are:

- Useful life and residual value of property, plant and equipment (PPE) and intangible assets (Refer note 3, 4, 5(A) & 5(B))

The Company reviews the useful lives of property, plant and equipment and intangible assets at the end of each reporting period. This reassessment may result in change in depreciation and amortisation expense in future periods.

- Recognition and measurement of defined benefit obligations (Refer note 48)

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

- Valuation of taxes on income (Refer note 38)  
The Company reviews the carrying amount of tax expenses, deferred tax assets(including MAT credit) and tax payable at the end of each reporting period.

- Loss Allowance (Refer note 11)  
Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Individual trade receivables are written off if the same are not collectible.

Leases – Estimating the incremental borrowing rate (Refer Note 2(f))

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the fund necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 3 Property, plant and equipment

	Freehold Land	Buildings	Plant and Equipment	Electric Installation	Furniture and Fixtures	Office Equipments	Vehicles	Right to use Assets		Total
								Leasehold Land	Other Right to use Assets	
<b>Gross carrying amount</b>										
<b>Balance as at 1 April 2021</b>	961.57	4,363.90	7,117.66	162.74	95,775	316.93	174.75	583.03	480.99	15,119.32
Additions/Adjustments	-	350.10	565.70	-	96.93	95.78	-	62.48	238.28	1,409.27
Deletions	-	-	48.42	-	-	-	2.56	-	-	50.98
<b>Balance as at 31 March 2022</b>	<b>961.57</b>	<b>4,714.00</b>	<b>7,634.94</b>	<b>162.74</b>	<b>1,054.68</b>	<b>412.71</b>	<b>172.19</b>	<b>645.51</b>	<b>719.27</b>	<b>16,477.61</b>
Additions	-	318.14	792.75	73.21	84.66	67.34	-	-	272.12	1,608.22
Deletions	-	-	271.83	-	-	-	-	-	-	271.83
<b>Balance as at 31 March 2023</b>	<b>961.57</b>	<b>5,032.14</b>	<b>8,155.86</b>	<b>235.95</b>	<b>1,139.34</b>	<b>480.05</b>	<b>172.19</b>	<b>645.51</b>	<b>991.39</b>	<b>17,814.00</b>
<b>Accumulated Depreciation/ Amortisation</b>										
<b>Balance as at 1 April 2021</b>	-	768.74	3,163.89	110.06	411.50	231.02	108.24	6.17	252.01	5,051.63
Charge for the year	-	166.06	715.25	16.87	101.47	51.89	14.14	5.70	218.22	1,289.60
Deletions	-	-	37.81	-	-	-	2.56	-	-	40.37
<b>Balance as at 31 March 2022</b>	<b>-</b>	<b>934.80</b>	<b>3,841.33</b>	<b>126.93</b>	<b>512.97</b>	<b>282.91</b>	<b>119.82</b>	<b>11.87</b>	<b>470.23</b>	<b>6,300.86</b>
Charge for the year	-	180.94	712.33	18.34	108.84	55.78	14.68	9.95	246.07	1,346.93
Deletions	-	-	205.86	-	-	-	-	-	-	205.86
<b>Balance as at 31 March 2023</b>	<b>-</b>	<b>1,115.74</b>	<b>4,347.80</b>	<b>145.27</b>	<b>621.81</b>	<b>338.69</b>	<b>134.50</b>	<b>21.82</b>	<b>716.30</b>	<b>7,441.93</b>
<b>Net carrying amount</b>										
Balance as at 31 March 2022	961.57	3,779.20	3,793.61	35.81	541.71	129.80	52.37	633.64	249.04	10,176.75
<b>Balance as at 31 March 2023</b>	<b>961.57</b>	<b>3,916.40</b>	<b>3,808.06</b>	<b>90.68</b>	<b>517.53</b>	<b>141.36</b>	<b>37.69</b>	<b>623.69</b>	<b>275.09</b>	<b>10,372.07</b>
<b>i Building includes those constructed on leasehold land:</b>										
<b>As at 31 March 2023</b>										
Gross carrying amount										<b>As at 31 March 2022</b>
Depreciation charged during the year										<b>31 March 2023</b>
Accumulated depreciation										4,957.02
Net carrying amount										179.05
										1,107.56
										<b>3,849.46</b>

ii Vehicles includes vehicles in the personal name of directors & employees having Gross carrying amount ₹ 74.77 lakhs and net carrying value of ₹ 15.53 Lakhs (31 March 2022 - Gross carrying amount ₹ 74.77 lakhs and net carrying value of ₹ 22.28 Lakhs)

iii Refer note 47 (B) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

iv Refer note 19 and 22 for information on property, plant and equipment pledged as security by the Holding Company.

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 4 Capital work-in-progress (CWIP)

	(₹ in Lakhs)
<b>Balance as at 1 April 2021</b>	<b>456.13</b>
Additions	1,462.88
Capitalisation	(1,409.27)
<b>Balance as at 31 March 2022</b>	<b>509.74</b>
Additions	2,882.33
Capitalisation	(1,608.22)
<b>Balance as at 31 March 2023</b>	<b>1,783.85</b>

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>Balance as at 31 March 2023</b>					
Projects in progress	1,747.11	6.95	8.88	20.91	1,783.85
Projects temporarily suspended	-	-	-	-	-
<b>Balance as at 31 March 2023</b>	<b>1,747.11</b>	<b>6.95</b>	<b>8.88</b>	<b>20.91</b>	<b>1,783.85</b>
<b>Balance as at 31 March 2022</b>					
Projects in progress	235.78	7.82	93.66	172.48	509.74
Projects temporarily suspended	-	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>235.78</b>	<b>7.82</b>	<b>93.66</b>	<b>172.48</b>	<b>509.74</b>

Note:

Capital work-in-progress (CWIP) as at 31 March 2023 includes cost incurred towards construction of property, plant and equipment of the Company. The CWIP under age bracket of more than 3 years has been capitalised subsequent to 31 March 2023.

### 5A Intangible assets

	Softwares	Product Marketing Authorisation	Brands	Total	Goodwill on consolidation
<b>Gross carrying amount</b>					
<b>Balance as at 1 April 2021</b>	<b>169.76</b>	<b>664.68</b>	<b>578.77</b>	<b>1,413.21</b>	<b>16.94</b>
Additions - Internally developed	-	100.21	-	100.21	-
- Acquired	6.50	-	-	6.50	-
Deletions/Adjustments	-	-	-	-	-
Foreign exchange adjustment	-	-	9.77	9.77	-
<b>Balance as at 31 March 2022</b>	<b>176.26</b>	<b>764.89</b>	<b>588.54</b>	<b>1,529.69</b>	<b>16.94</b>
Additions - Internally developed	-	293.19	-	293.19	-
- Acquired	205.11	-	-	205.11	-
Deletions/Adjustments	-	7.70	-	7.70	-
Foreign exchange adjustment	-	-	15.22	15.22	-
<b>Balance as at 31 March 2023</b>	<b>381.37</b>	<b>1,050.38</b>	<b>603.76</b>	<b>2,035.51</b>	<b>16.94</b>
<b>Accumulated Amortisation</b>					
<b>Balance as at 1 April 2021</b>	<b>161.05</b>	<b>425.71</b>	<b>259.04</b>	<b>845.80</b>	-
Charge for the year	3.44	191.69	118.58	313.71	-
Deletions/Adjustments	-	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>164.49</b>	<b>617.40</b>	<b>377.62</b>	<b>1,159.51</b>	-
Charge for the year	26.74	245.09	128.14	399.97	-
Deletions/Adjustments	-	0.76	-	0.76	-
<b>Balance as at 31 March 2023</b>	<b>191.23</b>	<b>861.73</b>	<b>505.76</b>	<b>1,558.72</b>	-
<b>Net carrying amount</b>					
Balance as at 31 March 2022	11.77	147.49	210.92	370.18	16.94
<b>Balance as at 31 March 2023</b>	<b>190.14</b>	<b>188.65</b>	<b>98.00</b>	<b>476.79</b>	<b>16.94</b>

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 5(B) Intangible assets under development (IAUD)

	(₹ in Lakhs)
<b>Balance as at 1 April 2021</b>	<b>612.19</b>
Additions - Internally developed	118.39
- Acquired	40.89
Capitalisation - Internally developed	(100.21)
- Acquired	(6.50)
<b>Balance as at 31 March 2022</b>	<b>664.76</b>
Additions - Internally developed	650.09
- Acquired	98.72
Capitalisation - Internally developed	(293.19)
- Acquired	(205.11)
<b>Balance as at 31 March 2023</b>	<b>915.27</b>

	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>Balance as at 31 March 2023</b>					
Projects in progress	875.95	37.89	1.43	-	915.27
Projects temporarily suspended	-	-	-	-	-
	<b>875.95</b>	<b>37.89</b>	<b>1.43</b>	<b>-</b>	<b>915.27</b>
<b>Balance as at 31 March 2022</b>					
Projects in progress	168.68	165.97	59.24	270.87	664.76
Projects temporarily suspended	-	-	-	-	-
	<b>168.68</b>	<b>165.97</b>	<b>59.24</b>	<b>270.87</b>	<b>664.76</b>

Note:

Represents expenditure incurred towards obtaining regulatory approvals and registration of the products for overseas markets.

#### Non-current :

### 6 Investment

	As at 31 March 2023	As at 31 March 2022
<b>Investment in body corporate:</b>		
<b>Unquoted equity investment carried at fair value through profit or loss</b>		
20,000 equity shares of ₹ 25 each fully paid-up in Shamrao Vithal co-operative Bank Limited	5.00	5.00
<b>Investments in government securities</b>		
<b>Unquoted at amortised cost</b>		
National Saving Certificate	0.15	0.15
	<b>5.15</b>	<b>5.15</b>

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 7 Other financial assets

	As at 31 March 2023	As at 31 March 2022
Earnest money and security deposit	70.58	138.30
Bank deposit with maturity more than 12 months	21.09	17.58
Bank deposit includes fixed deposits with banks ₹ 21.09 lakhs (₹ 17.58 lakhs as at 31 March 2022) marked as lien for guarantees issued by banks on behalf of the Holding Company		
	<b>91.67</b>	<b>155.88</b>

### 8 Income tax assets (net)

	As at 31 March 2023	As at 31 March 2022
Advance income-tax (net of provision for taxation ₹ 629.09 lakhs) (31 March 2022: ₹ Nil)	222.49	363.20
	<b>222.49</b>	<b>363.20</b>

### 9 Other non-current assets

	As at 31 March 2023	As at 31 March 2022
(Unsecured, considered good)		
Capital advances	1,051.47	609.40
Prepaid expenses	30.62	10.31
Security deposits	96.74	66.87
	<b>1,178.83</b>	<b>686.58</b>

#### Current :

### 10 Inventories

	As at 31 March 2023	As at 31 March 2022
Raw materials and packing materials		
Goods-in-transit	1.08	50.25
Others	3,618.70	4,087.51
Work-in-progress	588.45	1,265.94
Finished goods		
Goods-in-transit	68.68	142.37
Others	831.73	1,726.90
Stores and spares	261.98	255.45
	<b>5,370.62</b>	<b>7,528.42</b>

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### Current :

#### 11 Trade receivables (Unsecured, Refer note (a) and (b) below)

	As at 31 March 2023	As at 31 March 2022
Trade receivables - considered good	9,524.87	8,952.07
Trade receivables - credit impaired	79.14	-
Trade receivables which have significant increase in credit risk	90.28	90.28
	<b>9,694.29</b>	<b>9,042.35</b>
Less: Loss allowance	(169.42)	(90.28)
	<b>9,524.87</b>	<b>8,952.07</b>

#### (a) Ageing of Trade receivables

	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6-12 months	1-2 years	2-3 years	More than 3 years	
<b>As at 31 March 2023</b>							
Undisputed Trade Receivables – considered good	6,323.07	2,478.92	511.70	211.18	-	-	9,524.87
Undisputed Trade Receivables – which have significant increase in credit risk	8.20	-	21.56	15.46	-	45.06	90.28
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	79.14	-	-	-	79.14
	<b>6,331.27</b>	<b>2,478.92</b>	<b>612.40</b>	<b>226.64</b>	<b>-</b>	<b>45.06</b>	<b>9,694.29</b>
Less: Loss allowance	(8.20)	-	(100.70)	(15.46)	-	(45.06)	(169.42)
	<b>6,323.07</b>	<b>2,478.92</b>	<b>511.70</b>	<b>211.18</b>	<b>-</b>	<b>-</b>	<b>9,524.87</b>
<b>As at 31 March 2022</b>							
Undisputed Trade Receivables – considered good	4,875.01	3,585.30	397.29	94.39	0.08	-	8,952.07
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	14.96	75.32	90.28
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
	<b>4,875.01</b>	<b>3,585.30</b>	<b>397.29</b>	<b>94.39</b>	<b>15.04</b>	<b>75.32</b>	<b>9,042.35</b>
Less: Loss allowance	-	-	-	-	(14.96)	(75.32)	(90.28)
	<b>4,875.01</b>	<b>3,585.30</b>	<b>397.29</b>	<b>94.39</b>	<b>0.08</b>	<b>-</b>	<b>8,952.07</b>

#### (b) Nature of Security

The Holding Company had entered into an escrow agreement in 2017 (with subsequent renewals), with one of its shareholder wherein the shareholder has provided his holding to the extent of 30 Lakhs equity shares (including 25 Lakhs bonus shares) as security towards realization of certain aged trade receivables. The shares held in escrow account are proposed to be liquidated to meet the shortfall, if any, from recoveries of covered trade receivables. Accordingly, the final amount of recovery (security value) would depend on the shortfall in collections and future market value of equity

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

#### 11 Trade receivables (Contd.)

shares at the time of settlement. However, till date Holding Company has not been able to liquidate the equity shares held as security for realizing the receivables outstanding post partial recoveries against the original outstanding balance. Accordingly, the Holding Company has conservatively written off the entire amount of aforementioned trade receivables

The recoveries from subsequent liquidation of the equity shares held under security will be recognized in the period in which the Holding Company disposes of the security.

No trade receivable are due from directors or other officers of the group either severally or jointly with any other person. Nor any trade receivable are due from firms or private companies respectively in which any director is a partner, a director or a member other than those disclose in the note 46

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

Refer note 40 for information about credit risk and market risk of trade receivables.

### Current :

#### 12 Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Cash on hand	8.02	13.41
Balances with banks in current accounts	634.03	328.62
	<b>642.05</b>	<b>342.03</b>

#### 13 Bank balances other than cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Unclaimed dividend accounts	19.85	25.70
Margin money deposits	89.95	129.45
Deposit includes fixed deposits with banks ₹ 89.95 lakhs (₹ 129.45 lakhs as at 31 March 2022) marked as lien against guarantees issued by banks on behalf of the Company	-	-
	<b>109.80</b>	<b>155.15</b>

#### 14 Loans

	As at 31 March 2023	As at 31 March 2022
(Unsecured, considered good)		
Loans to employees	4.53	2.14
	<b>4.53</b>	<b>2.14</b>
<b>Break-up of security details</b>		
Loans considered good - secured	-	-
Loans considered good - unsecured	4.53	2.14
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
<b>Total</b>	<b>4.53</b>	<b>2.14</b>
Loss allowance	-	-
<b>Total current loans</b>	<b>4.53</b>	<b>2.14</b>

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### Current :

#### 15 Other financial assets

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
(Unsecured, considered good)		
Earnest money and security deposits	6.89	21.37
<b>Interest receivable:</b>		
from Banks	0.10	1.13
Others	2.71	2.81
	<b>9.70</b>	<b>25.31</b>

#### 16 Other current assets

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
(Unsecured, considered good unless otherwise specified)		
<b>Advances other than capital advances</b>		
Advance to suppliers	839.68	797.86
Advance against expenses to related party (Refer note 46)	1.98	-
Balances with government authorities	1,996.17	2,451.41
Contract assets	346.28	822.60
Prepaid expenses	175.49	98.12
Asset held for sale	6.94	-
Gratuity- plan assets (Refer note 48)	66.69	38.55
	<b>3,433.23</b>	<b>4,208.54</b>

#### 17 Equity share capital

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
<b>Authorised</b>		
75,000,000 (31 March 2022: 25,000,000) equity shares of ₹ 10 each	2,500.00	2,500.00
<b>Issued</b>		
48,725,814 (31 March 2022: 16,241,938) equity shares of ₹ 10 each fully paid up	4,872.58	1,624.19
<b>Subscribed and Paid-Up:</b>		
48,725,814 (31 March 2022: 16,241,938) equity shares of ₹ 10 each fully paid up	4,872.58	1,624.19
	<b>4,872.58</b>	<b>1,624.19</b>

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 17 Equity share capital (Contd.)

#### (a) Reconciliation of share capital:

	As at 31 March 2023		As at 31 March 2022	
	No. of Shares	₹ in lakhs	No. of Shares	₹ in lakhs
Balance as at the beginning of the year	16,241,938	1,624.19	16,241,938	1,624.19
Add: Bonus issue of shares to existing shareholders	32,483,876	3,248.39	-	-
<b>Balance as at the end of the year</b>	<b>48,725,814</b>	<b>4,872.58</b>	<b>16,241,938</b>	<b>1,624.19</b>

#### (b) Rights, preferences and restrictions

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

#### (c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at 31 March 2023		As at 31 March 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
<b>Equity Shares:</b>				
Mathew Cyriac	10,652,700	21.86%	3,550,900	21.86%
Anwar Daud*	13,336,320	27.37%	4,445,440	27.37%
Zakir Vali	8,547,420	17.54%	2,849,140	17.54%

\* Including 1,500,000 shares jointly held with Tasneem Daud (wife of Mr. Anwar Daud).

(d) During the current year, the Holding Company allotted 32,483,876 equity shares of face value ₹ 10 each as fully paid up bonus shares by capitalisation of securities premium aggregating to ₹ 3,248.39 lakhs, pursuant to an ordinary resolution passed by the shareholders in the extra ordinary general meeting on 12 December 2022. The Holding Company has issued two bonus equity shares against one equity share held by its shareholders.

#### (e) Details of shares held by promoters

Promoter Name	No. of shares at the beginning of the year	Change during the year (Refer note (d) above)	No. of shares at the end of the year	% of Total Shares	% change during the year
<b>As at 31 March 2023</b>					
Anwar Daud	4,445,440	8,890,880	13,336,320	27.37%	-
Zulfiquar Kamal	398,020	796,040	1,194,060	2.45%	-
Tasneem Daud	10,000	20,000	30,000	0.06%	-
Shabbar Daud	14,000	28,000	42,000	0.09%	-
Sabbah Kamal	500,000	1,000,000	1,500,000	3.08%	-
Hasan Kamal	34,800	69,600	104,400	0.21%	-
Zahida Kamal	400	800	1,200	0.00%	-
<b>Total</b>	<b>5,402,660</b>	<b>10,805,320</b>	<b>16,207,980</b>	<b>33.26%</b>	<b>-</b>
<b>As at 31 March 2022</b>					
Anwar Daud	4,445,440	-	4,445,440	27.37%	-
Zulfiquar Kamal	398,020	-	398,020	2.45%	-

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 17 Equity share capital (Contd.)

#### (e) Details of shares held by promoters (Contd.)

Promoter Name	No. of shares at the beginning of the year	Change during the year (Refer note (d) above)	No. of shares at the end of the year	% of Total Shares	% change during the year
Tasneem Daud	10,000	-	10,000	0.06%	-
Shabbar Daud	14,000	-	14,000	0.09%	-
Sabbah Kamal	500,000	-	500,000	3.08%	-
Hasan Kamal	34,800	-	34,800	0.21%	-
Zahida Kamal	400	-	400	0.00%	-
<b>Total</b>	<b>5,402,660</b>	<b>-</b>	<b>5,402,660</b>	<b>33.26%</b>	<b>-</b>

### 18 Other equity

	As at 31 March 2023	As at 31 March 2022
Securities premium *	802.98	4,098.87
General reserve**	106.20	106.20
Foreign currency monetary items translation ***	196.14	82.28
Retained earnings ****	14,056.70	11,659.41
<b>Total</b>	<b>15,162.02</b>	<b>15,946.76</b>
<b>* Securities premium</b>		
<b>Balance as at the beginning of the year</b>	<b>4,098.87</b>	<b>4,098.87</b>
Less: Amount utilized for issue of bonus shares (Refer note 17(d))	(3,248.39)	-
Transaction cost for issue of bonus shares	(47.50)	-
<b>Balance at the end of the year</b>	<b>802.98</b>	<b>4,098.87</b>
Nature and Purpose - Security premium is used to record the premium on issue of shares, the reserve is utilised in accordance with the provisions of the Companies Act, 2013		
<b>** General reserve</b>		
<b>Balance as at the beginning of the year</b>	<b>106.20</b>	<b>106.20</b>
Additions during the year	-	-
Utilisation during the year	-	-
<b>Balance at the end of the year</b>	<b>106.20</b>	<b>106.20</b>
**Nature and Purpose - General reserve represents transfer portion of the net profit pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.		
<b>*** Foreign currency monetary items translation</b>		
<b>Balance as at the beginning of the year</b>	<b>82.28</b>	<b>45.93</b>
Movement during the year	113.86	36.35
<b>Balance as at the end of the year</b>	<b>196.14</b>	<b>82.28</b>
<b>**** Retained earnings</b>		
<b>Balance as at the beginning of the year</b>	<b>11,659.41</b>	<b>10,199.81</b>
Net profit for the year	2,443.45	1,455.04
Transfer from other comprehensive income	(46.16)	4.56
<b>Net surplus in the Statement of Profit and Loss</b>	<b>14,056.70</b>	<b>11,659.41</b>

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### Non-current :

#### 19 Borrowings

	As at 31 March 2023	As at 31 March 2022
<b>Secured</b>		
Term Loans from banks	2,599.51	2,376.53
From Non-Banking Financial Company (NBFC)	1,053.48	1,007.41
	<b>3,652.99</b>	<b>3,383.94</b>
Less: Current maturities of long term borrowings (Refer note 22)	(1,190.54)	(1,491.60)
	<b>2,462.45</b>	<b>1,892.34</b>

#### Nature of security and terms of repayment for secured borrowings

(i) Loan from a bank and a NBFC are secured by way of first charge on all present and future property, plant and equipment 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.

(ii)

	As at 31 March 2023			As at 31 March 2022		
	Principal o/s (₹ in lakhs)	Effective interest rate in %	Repayment terms	Principal o/s (₹ in lakhs)	Effective interest rate in %	Repayment terms
<b>Indian rupee loan from banks</b>						
Bank of India (Repayment start from: December 2020 and last installment in June 2022)	-	1 year MCLR (7.35%)	Repayable in 18 monthly Installments of ₹ 7.97 lakhs for 6 months and ₹ 22.59 lakhs for next 12 months	45.20	1 year MCLR (7.35%)	Repayable in 18 monthly Installments of ₹ 7.97 lakhs for 6 months and ₹ 22.59 lakhs for next 12 months
Bank of India (Repayment start from: February 2022 and last installment in February 2026)	411.49	1 Year RBLR + 1% (10.35%)	Repayable in 48 equated monthly Installments of ₹ 13.52 lakhs	529.60	MCLR +1% (8.25%)	Repayable in 48 equated monthly Installments of ₹ 13.52 lakhs
Bank of India (Repayment start from: May 2022 and last installment in May 2026)	314.87	1 Year RBLR + 1% (10.35%)	Repayable in 48 equated monthly Installments of ₹ 9.58 lakhs	390.00	MCLR +1% (8.35%)	Repayable in 48 equated monthly Installments of ₹ 9.58 lakhs
Bank of India (Repayment start from: November 2023 and last installment in November 2027)	278.69	1 Year RBLR + 1%(10.35%)	Repayable in 48 equated monthly Installments of ₹ 6.79 lakhs	279.00	RBLR +1% (7.85%)	Repayable in 48 equated monthly Installments of ₹ 6.79 lakhs
Bank of India (Repayment start from: January 2023 and last installment in April 2025)	771.61	1 Year RBLR +0.55% (9.90%)	Repayable in 28 equated monthly Installments of ₹ 27.78 lakhs	-	-	-

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### Non-current :

#### 19 Borrowings (Contd.)

	As at 31 March 2023			As at 31 March 2022		
	Principal o/s (₹ in lakhs)	Effective interest rate in %	Repayment terms	Principal o/s (₹ in lakhs)	Effective interest rate in %	Repayment terms
SVC Co-Operative Bank Limited, (Repayment start from: January 2021 and last installment in January 2024)	277.91	PLR minus 10.55% (9.90%)	Repayable in 36 equated monthly Installments of ₹ 29.27 lakhs	582.74	PLR minus 7.55% (10.50%)	Repayable in 36 equated monthly Installments of ₹ 29.27 lakhs
SVC Co-Operative Bank Limited, (Repayment start from: January 2024 and last installment in January 2028)	549.99	PLR minus 11.20% (9.25%)	Repayable in 48 equated monthly Installments of ₹ 11.46 lakhs	549.99	PLR minus 9.80% (8.25%)	Repayable in 48 equated monthly Installments of ₹ 11.46 lakhs
<b>Indian rupee loan from Non- Banking Financial Company (NBFC)</b>						
Tata Capital Financial Services Limited (Repayment start from: August 2021 and last installment in April 2023)	78.32	LTLR minus 9.00% (12.30%)	Repayable in 19 equated monthly Installments of ₹ 78.32 lakhs	1,018.12	LTLR minus 9.00% (10.25%)	Repayable in 19 equated monthly Installments of ₹ 78.32 lakhs
Tata Capital Financial Services Limited (Repayment start from: March 2023 and last installment in February 2028)	500.00	LTLR minus 10.80% (10.50%)	Repayable in 60 equated monthly Installments of ₹ 16.66 lakhs	-	-	-
Tata Capital Financial Services Limited (Repayment start from: March 2023 and last installment in August 2025)	500.00	LTLR minus 10.80% (10.50%)	Repayable in 30 equated monthly Installments of ₹ 16.66 lakhs	-	-	-
Deferred expense towards processing fees is netted off against loan	(29.89)			(10.71)		
	<b>3,652.99</b>			<b>3,383.94</b>		

#### Assets Pledged as security

The gross carrying amounts of assets Pledged as security for current and non-current borrowings are:

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
<b>Non-current assets</b>		
- Property, plant and equipment (including leasehold land but excluding other right to use assets)	16,817.65	15,753.36
<b>Current assets</b>	17,870.99	20,059.65
<b>Total assets Pledged as security</b>	<b>34,688.64</b>	<b>35,813.01</b>

#### 20 Lease liabilities

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
Lease liabilities (Refer note 44)	101.78	72.23
	<b>101.78</b>	<b>72.23</b>

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### Non-current :

#### 21 Deferred tax liabilities (net)

The movement in deferred tax assets and liabilities during the year ended 31 March 2022 and 31 March 2023:

	(₹ in Lakhs)			
Movement during the year ended 31 March 2023	As at 1 April 2022	(Credit)/charge in statement of profit and loss	(Credit)/ charge in other comprehensive income	As at 31 March 2023
<b>Deferred tax liabilities</b>				
Property, plant and equipment: Difference between carrying value as per Income Tax laws and carrying value as per books of account under Companies Act, 2013	951.49	(50.85)	-	900.64
Advance payment of employee benefits	-	21.07	(18.97)	2.10
	<b>951.49</b>	<b>(29.78)</b>	<b>(18.97)</b>	<b>902.74</b>
<b>Deferred tax assets</b>				
Expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	23.97	5.66	-	29.63
Loss allowance - trade receivables	26.29	23.04	-	49.33
Provision for employee benefits	9.65	(9.65)	-	-
Lease payments	13.63	(0.23)	-	13.40
	<b>73.54</b>	<b>18.82</b>	<b>-</b>	<b>92.36</b>
<b>Minimum alternative tax credit entitlement / (utilisation)</b>	841.62	(511.56)	-	330.06
<b>Net Deferred tax (assets) / liabilities</b>	<b>36.33</b>	<b>462.96</b>	<b>(18.97)</b>	<b>480.32</b>

	(₹ in Lakhs)			
Movement during the year ended 31 March 2022	As at 1 April 2021	(Credit)/charge in statement of profit and loss	(Credit)/ charge in other comprehensive income	As at 31 March 2022
<b>Deferred tax liabilities</b>				
Property, plant and equipment: Difference between carrying value as per Income Tax laws and carrying value as per books of account under Companies Act, 2013	892.13	59.36	-	951.49
Advance payment of employee benefits	-	-	-	-
	<b>892.13</b>	<b>59.36</b>	<b>-</b>	<b>951.49</b>
<b>Deferred tax assets</b>				
Expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	14.66	9.31	-	23.97
Loss allowance - trade receivables	26.29	-	-	26.29
Carry forward business losses/unabsorbed depreciation	50.08	(50.08)	-	-
Provision for employee benefits	40.88	(29.35)	(1.88)	9.65
Lease payments	4.16	9.47	-	13.63
	<b>136.07</b>	<b>(60.65)</b>	<b>(1.88)</b>	<b>73.54</b>
<b>Minimum alternative tax credit entitlement / (utilisation)</b>	1,009.97	(168.35)	-	841.62
<b>Net Deferred tax (assets) / liabilities</b>	<b>(253.91)</b>	<b>288.36</b>	<b>1.88</b>	<b>36.33</b>



## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### Current :

#### 22 Borrowings

	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)		
<b>Secured</b>		
<b>From Banks, repayable on demand</b>		
- Cash credit / packing credit	2,288.03	1,734.45
Current maturities of long term borrowings	1,190.54	1,491.60
Interest accrued but not due on borrowings	15.79	12.35
	<b>3,494.36</b>	<b>3,238.40</b>

Cash credit/ packing credit from banks are secured by the first charge on all current assets both present and future and second charge on all the property, plant and equipment of the Company both present and future on pari pasu basis with all members of consortium. The loans are secured by personal guarantee of Managing Director.

#### 23 Lease liabilities

	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)		
Lease liabilities (Refer note 44)	157.22	140.74
	<b>157.22</b>	<b>140.74</b>

#### 24 Trade payables

	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)		
Dues of micro enterprises and small enterprises (Refer note below)	232.97	191.80
Payables to related parties (Refer note 46)	30.31	6.51
Dues of creditors other than micro enterprises and small enterprises	5,560.62	7,908.78
	<b>5,823.90</b>	<b>8,107.09</b>
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	232.97	191.80
- Interest due on above	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium 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, Small and Medium Enterprise Development Act, 2006.	-	-
d. the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	-	-

**Note:-** This information has been given in respect of such vendors to the extent they could be identified as Micro and Small enterprises on the basis of information available with the Group.

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### Current :

#### 24 Trade payables (Contd.)

##### Ageing of Trade payables

	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(₹ in Lakhs)					
<b>As at 31 March 2023</b>					
Total outstanding dues of micro enterprises and small enterprises	232.97	-	-	-	232.97
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,982.91	551.83	54.32	1.87	5,590.93
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
	<b>5,215.88</b>	<b>551.83</b>	<b>54.32</b>	<b>1.87</b>	<b>5,823.90</b>
<b>As at 31 March 2022</b>					
Total outstanding dues of micro enterprises and small enterprises	191.80	-	-	-	191.80
Total outstanding dues of creditors other than micro enterprises and small enterprises	7,640.85	194.08	55.52	24.84	7,915.29
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
	<b>7,832.65</b>	<b>194.08</b>	<b>55.52</b>	<b>24.84</b>	<b>8,107.09</b>

#### 25 Other financial liabilities

	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)		
Un-claimed dividends*	19.85	25.70
Employee related liabilities	554.87	282.89
Payable for capital expenditure	263.90	114.41
	<b>838.62</b>	<b>423.00</b>

\*During the previous year there was delay in transferring unpaid dividend amount of ₹ 5.61 lakhs (pertaining to FY 2013-14) to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013. The aforesaid unpaid dividend could not be transferred due to administrative issues faced by the bankers of the Holding Company. However, unpaid dividends as mentioned above have been transferred to the Investor Education and Protection fund during the current year.

#### 26 Other current liabilities

	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)		
Advance received from customers	441.27	2,197.28
Statutory dues	224.93	157.18
Deferred Government grants	36.56	44.76
Others	2.36	4.30
	<b>705.12</b>	<b>2,403.52</b>

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### Current :

#### 27 Provisions

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
<b>Provision for employee benefits</b>		
Provision for compensated absences	59.49	71.68
	<b>59.49</b>	<b>71.68</b>

#### 28 Current tax liabilities (net)

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
Provision for tax (net of advance tax ₹ Nil) (31 March 2022 ₹ 145.75 lakhs)	-	206.56
	-	<b>206.56</b>

#### 29 Revenue from operations

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Sale of products		
Manufactured goods	36,436.22	31,863.48
Stock in trade	2,436.66	961.07
Other operating revenue		
Out-licensing income	521.72	218.58
Export incentives	427.46	269.88
Others	30.65	29.67
	<b>39,852.71</b>	<b>33,342.68</b>

#### Disclosure as per Ind AS 115

**A** The operations of the Company are limited to only one segment viz. pharmaceuticals and related products. Revenue from contract with customers is from sale of manufactured goods and rendering of research services. Sale of goods are made at a point in time and revenue is recognised upon satisfaction of the performance obligations which is typically upon dispatch / delivery. The Company has a credit evaluation policy based on which the credit limits for the trade receivables are established. There is no significant financing component as the credit period provided by the Company is not significant.

There are no variable components such as discounts, chargebacks, rebates, sales returns etc.

#### B Disaggregation of revenue:

	(₹ in Lakhs)	
Nature of segment	Year ended 31 March 2023	Year ended 31 March 2022
<b>A. Major Product/Service line:</b>		
- Sale of pharmaceutical goods	38,872.88	32,824.55
- Out-licensing income	521.72	218.58
- Others ( Export incentives, others, etc.)	458.11	299.55
<b>Total revenue from contracts with customers</b>	<b>39,852.71</b>	<b>33,342.68</b>

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

#### 29 Revenue from operations (Contd.)

	(₹ in Lakhs)	
Nature of segment	Year ended 31 March 2023	Year ended 31 March 2022
<b>B. Primary geographical market:</b>		
- In India	6,033.78	6,329.69
- Outside India	33,818.93	27,012.99
<b>Total revenue from contracts with customers</b>	<b>39,852.71</b>	<b>33,342.68</b>
<b>C. Timing of the revenue recognition:</b>		
- Goods/services transferred at a point in time	39,852.71	33,342.68
- Goods/services transferred over time	-	-
<b>Total revenue from contracts with customers</b>	<b>39,852.71</b>	<b>33,342.68</b>

#### C Contract Balances

Significant changes in contract asset balances are as follows:

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>Contract Assets</b>		
Opening Balance	822.60	940.35
Add: Revenue recognised during the year	-	-
Less: Invoiced during the year	476.32	117.75
<b>Closing balance</b>	<b>346.28</b>	<b>822.60</b>

Contract assets are initially recognised for Product development service income.

#### D Outstanding service obligation regarding product development contracts

The Group has entered into contracts pertaining to product development projects. The outstanding service obligations pertaining to these contracts aggregates ₹ Nil ( 31 March 2022 : Nil) as at year end.

#### 30 Other income

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>Interest income on financial assets measured at amortised cost</b>		
- Fixed deposits	6.82	17.28
- Others	26.83	11.15
Dividend income on investments	0.60	0.60
Exchange rate difference (net)	554.91	385.39
Apportioned income from government grant	8.20	8.20
Other non-operating income	43.96	17.65
	<b>641.32</b>	<b>440.27</b>

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 31 Cost of materials consumed

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Opening inventory	4,137.77	3,058.52
Add: Purchases	17,719.49	18,080.86
Less: Closing inventory	3,619.78	4,137.76
	<b>18,237.48</b>	<b>17,001.62</b>
Less: Cost of material sold	1,739.16	940.64
	<b>16,498.32</b>	<b>16,060.98</b>

### 32 Purchase of stock in trade

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Details of purchases of traded goods		-
Tablets	1.23	-
Capsules	11.27	3.17
Bulk Drugs	384.05	692.08
DC Granules	1,050.83	-
Others	291.78	245.39
	<b>1,739.16</b>	<b>940.64</b>

### 33 Changes in inventories of finished goods and work-in-progress

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>At the end of the year</b>		
Work-in-progress	588.45	1,265.94
Finished goods	900.41	1,869.27
	<b>1,488.86</b>	<b>3,135.21</b>
<b>At the beginning of the year</b>		
Work-in-progress	1,265.94	1,073.59
Finished goods	1,869.27	1,094.72
	<b>3,135.21</b>	<b>2,168.31</b>
	<b>1,646.35</b>	<b>(966.90)</b>

### 34 Employee benefits expense

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Salaries, wages and bonus	4,575.92	3,663.23
Contribution to provident and other funds (Refer note 47(A) and 48(a))	149.10	122.47
Gratuity expense (Refer note 48)	51.04	57.87
Staff welfare expenses	155.76	163.02
	<b>4,931.82</b>	<b>4,006.59</b>

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 35 Finance costs

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Interest on NCD's	-	113.77
Interest on other borrowings	477.10	591.19
Interest on delayed payment of income tax	19.92	11.97
Other borrowing costs	60.52	113.69
	<b>557.54</b>	<b>830.62</b>

### 36 Depreciation and amortisation expense

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation and amortisation on property, plant and equipment	1,346.93	1,289.60
Amortisation of intangible assets	399.97	313.71
	<b>1,746.90</b>	<b>1,603.31</b>

### 37 Other expenses

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Consumption of stores and spares	109.76	89.67
Power and fuel	1,096.24	901.69
Water charges	12.66	12.25
Insurance	41.96	38.33
Repairs and maintenance		
Machines	425.87	364.66
Buildings	173.80	81.73
Others	239.43	219.14
Contract labour	1,780.76	1,620.89
Printing & stationery	37.20	37.44
Communication costs	44.34	43.88
Legal and professional fees	1,169.02	1,055.29
Payment to auditors (Refer note below (a))	56.88	51.19
Advertisement & sales promotion	191.39	90.25
Travelling and conveyance	499.46	282.83
Commission on sales	1,720.95	1,856.77
Freight and forwarding charges	881.44	1,322.77
Bad debts written off	-	5.47
Loss allowance - trade receivables	79.14	-
Rates and taxes	84.23	22.18
Property, plant and equipment written off	65.97	0.30
Rent (Refer note 44)	22.28	50.95
Laboratories Expenses	653.01	526.76
Corporate social responsibility expenses (Refer note 51)	17.98	20.62
Miscellaneous expenses	434.67	508.40
	<b>9,838.44</b>	<b>9,203.46</b>

(₹ in Lakhs)

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

37 Other expenses (Contd.)	Year ended 31 March 2023	Year ended 31 March 2022
<b>Note</b>		
<b>(a) Auditors' remuneration (of the Parent Company) (excluding taxes)</b>		
As Auditors	51.00	48.00
Other Services	5.20	2.10
Out of Pocket Expenses	0.68	1.09
	<b>56.88</b>	<b>51.19</b>

### 38 Tax (expense) / credit

	Year ended 31 March 2023	Year ended 31 March 2022
		(₹ in Lakhs)
Current tax for the year (net of Minimum alternative tax credit entitlement/utilisation ₹ 511.56 lakhs) (31 March 2022: ₹ 170.00 lakhs)	(629.09)	(354.47)
Tax adjustments pertaining to earlier years	-	0.35
Deferred tax expenses		
(Decrease) in deferred tax assets	(492.74)	(237.61)
(Increase) / Decrease in deferred tax liabilities	48.75	(59.36)
	<b>(443.99)</b>	<b>(296.97)</b>
	<b>(1,073.08)</b>	<b>(651.09)</b>
Tax (expense) / credit recognised in Statement of profit and loss	(1,092.05)	(649.21)
Tax (expense) / credit recognised in other comprehensive income	18.97	(1.88)
	<b>(1,073.08)</b>	<b>(651.09)</b>
<b>Tax reconciliation</b>		
<b>Profit before tax</b>	<b>3,535.50</b>	<b>2,104.25</b>
Tax at the rate of 29.12% (31 March 2022 29.12%)	(1,029.54)	(612.76)
Tax adjustment pertaining to earlier years	-	0.35
Tax effect of amounts which are not deductible / taxable		
Income/(expenses) exempted from income taxes	(17.65)	27.79
Difference in tax rates for certain entities of the Group	0.13	2.48
Permanent Disallowances	(19.64)	(3.49)
Allowances / Disallowances under specific provisions of Income tax act, 1961 (net)	12.35	(37.81)
Disallowance of Donation/Corporate social responsibility expenses	(11.31)	(8.34)
Other tax deductions	(26.39)	(17.43)
	<b>(1,092.05)</b>	<b>(649.21)</b>

### 39 Fair value measurements

#### Financial instruments by category:

All financial assets and financial liabilities, except derivative instruments and investment in equity shares of the Group are under the amortised cost measurement category at each of the reporting date.

#### Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received on selling of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 39 Fair value measurements (Contd.)

value, the Group uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique.

**Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities.

**Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

**Level 3:** techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

#### Financial assets and liabilities measured at fair value at each reporting date

Investment in equity shares are measured at fair value through profit and loss at each reporting date. Since the valuation involves use of observable input, valuation is considered as Level 2.

#### Financial assets and financial liabilities measured at amortised cost, but for which fair values are disclosed as below:

Fair value for assets and liabilities measured at amortised cost	31 March 2023				31 March 2022			
	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3	Carrying amount
<b>Financial liabilities</b>								
Borrowings (other than short term borrowings)	-	3,652.99	-	3,652.99	-	3,383.94	-	3,383.94
Lease liabilities (other than current portion)	-	101.78	-	101.78	-	72.23	-	72.23

During the periods mentioned above, there have been no transfers amongst the levels of hierarchy.

The carrying amounts of security deposits, trade receivables, current loans, other financial assets, fixed deposits with banks, current borrowings, trade payables and other current financial liabilities are considered to be approximately equal to their fair value.

The fair values computed above for assets measured at amortised cost are based on discounted cash flows using a current market interest rate. They are classified as level 2 fair values in the fair value hierarchy due to the use of observable inputs.

#### Valuation processes

The Group evaluates the fair value of financial assets and financial liabilities on periodic basis using the best and most relevant data available. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

### 40 Financial risk management

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's financial risk management policy is set by the Risk Committee.

#### The Group is exposed to market risk, credit risk and liquidity risk.

#### A Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including deposits, foreign currency receivables, payables and loans and borrowings.

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 40 Financial risk management (Contd.)

The Group manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommend risk management objectives and policies, which are approved by Chief financial officer. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures like foreign exchange forward contracts, borrowing strategies and ensuring compliance with market risk limits and policies.

#### Market risk - Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

According to the Group, interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

#### Exposure to interest rate risk

Particulars	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
Total Borrowings	5,956.81	5,130.74
% of Borrowings out of above bearing variable rate of interest	100%	100%

#### Interest rate sensitivity

A change of 50 bps in interest rates would have following Impact on profit before tax

Particulars	(₹ in lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
50 bp increase would decrease the profit before tax by	(29.71)	(25.59)
50 bp decrease would Increase the profit before tax by	29.71	25.59

#### Market risk - Foreign currency risk management

The Group operates internationally wherein portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

#### (a) Particulars of unhedged foreign currency exposures as at the reporting date

As at 31 March 2023

Particulars	USD		EURO		AED	
	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade receivable	84.37	6,932.15	4.43	396.51	-	-
Trade payables	6.08	499.84	0.18	16.48	-	-
Advance received from customers	3.72	306.89	0.76	66.65	0.02	0.43
Balance in EEFC Account	0.73	60.14	0.23	20.86	-	-
PCFC and PFCFC	14.95	1,228.60	-	-	-	-
Export commission	11.02	905.25	0.76	67.65	-	-

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 40 Financial risk management (Contd.)

As at 31 March 2022

Particulars	USD		EURO		AED	
	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade receivable	72.31	5,480.79	3.92	330.42	-	-
Trade payables	4.55	344.91	-	-	-	-
Advance received from customers	11.46	859.42	-	-	28.54	578.59
Balance in EEFC Account	-	0.02	-	-	-	-
PCFC and PFCFC	14.34	1,086.70	-	-	-	-
Export commission	21.47	1,627.59	0.01	0.54	-	-

#### Sensitivity to foreign currency risk

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>USD sensitivity</b>		
INR / USD		
Increase by 5%	202.59	78.11
Decrease by 5%	(202.59)	(78.11)
<b>Euro sensitivity</b>		
INR / Euro		
Increase by 5%	13.33	16.49
Decrease by 5%	(13.33)	(16.49)
<b>AED sensitivity</b>		
INR / AED		
Increase by 5%	(0.02)	(28.93)
Decrease by 5%	0.02	28.93

### B Credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- Actual or expected significant adverse changes in business,
- Actual or expected significant changes in the operating results of the counterparty,
- Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- Significant increase in credit risk on other financial instruments of the same counterparty,
- Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 40 Financial risk management (Contd.)

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the statement of profit and loss.

#### Credit risk management

To manage credit risk, the Group periodically assesses the financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. There is no significant concentration of credit risk.

Bank balances are held with only high rated banks and majority of security deposits are placed majorly with government agencies. Trade receivables are generally recovered within the credit period. The Group measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

#### Ageing of Trade receivables

	(₹ in Lakhs)					
	Not due	0-12 months	1-2 years	2-3 years	more than 3 years	Total
<b>As at 31 March 2023</b>						
Gross Carrying amount of - trade receivables	6,331.27	3,091.32	226.64	-	45.06	9,694.29
Gross Carrying amount of - contract assets	346.28	-	-	-	-	346.28
Expected credit loss - trade receivables (%)	0.13%	0.70%	6.82%	0.00%	100.00%	
Expected credit loss - trade receivables	8.20	21.56	15.46	-	45.06	90.28
Expected credit impaired - trade receivables	-	79.14	-	-	-	79.14
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>6,323.07</b>	<b>2,990.62</b>	<b>211.18</b>	<b>-</b>	<b>-</b>	<b>9,524.87</b>
<b>Carrying amount of contract assets (net of impairment)</b>	<b>346.28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>346.28</b>
<b>As at 31 March 2022</b>						
Gross Carrying amount of - trade receivables	4,875.01	3,982.59	94.39	15.04	75.32	9,042.35
Gross Carrying amount of - contract assets	822.60	-	-	-	-	822.60
Expected credit loss - trade receivables (%)	0.00%	0.00%	0.00%	99.47%	100.00%	
Expected credit loss - trade receivables	-	-	-	14.96	75.32	90.28
Expected credit impaired - trade receivables	-	-	-	-	-	-
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>4,875.01</b>	<b>3,982.59</b>	<b>94.39</b>	<b>0.08</b>	<b>-</b>	<b>8,952.07</b>
<b>Carrying amount of contract assets (net of impairment)</b>	<b>822.60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>822.60</b>

Financial Assets are considered to be of good quality and there is no significant increase in credit risk.

#### Reconciliation of expected credit loss of trade receivables

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
<b>Balance at the beginning of the year</b>	<b>90.28</b>	<b>90.28</b>
Additions	79.14	-
<b>Closing provisions</b>	<b>169.42</b>	<b>90.28</b>

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 40 Financial risk management (Contd.)

#### C Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. For the Group, liquidity risk arises from obligations on account of financial liabilities – borrowings, trade payables, lease liabilities and other financial liabilities.

#### Liquidity risk management

The Group's corporate treasury department is responsible for liquidity and funding as well as settlement management. The processes and policies related to such risks are overseen by Chief financial officer. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

#### Maturities of non – derivative financial liabilities

As at 31 March 2023

	(₹ in Lakhs)			
Particulars	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
Non-current borrowings (including current maturities)	1,190.54	2,462.45	-	3,652.99
Current Borrowings	2,288.03	-	-	2,288.03
Interest accrued but not due on borrowings	15.79	-	-	15.79
Trade payables	5,823.90	-	-	5,823.90
Lease liabilities	157.22	101.78	-	259.00
Other current financial liabilities	838.62	-	-	838.62
<b>Total</b>	<b>10,314.10</b>	<b>2,564.23</b>	<b>-</b>	<b>12,878.33</b>

As at 31 March 2022

	(₹ in Lakhs)			
Particulars	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
Non-current borrowings (including current maturities)	1,491.60	1,892.34	-	3,383.94
Current Borrowings	1,734.45	-	-	1,734.45
Interest accrued but not due on borrowings	12.35	-	-	12.35
Trade payables	8,107.09	-	-	8,107.09
Lease liabilities	140.74	72.23	-	212.97
Other current financial liabilities	423.00	-	-	423.00
<b>Total</b>	<b>11,909.23</b>	<b>1,964.57</b>	<b>-</b>	<b>13,873.80</b>

### 41 Capital management

#### Risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 41 Capital management (Contd.)

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.

	(₹ in lakhs)	
	As at 31 March 2023	As at 31 March 2022
The capital composition is as follows:		
Net debt <sup>#</sup>	5,314.76	4,788.71
Total equity	20,034.60	17,570.95
<b>Net debt to equity ratio</b>	<b>27%</b>	<b>27%</b>

<sup>#</sup> Includes non-current borrowings, current borrowings, current maturities of non-current borrowings and interest accrued but not due on borrowings (net of cash and cash equivalents).

### 42 Net debt reconciliation

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
Cash and cash equivalents	642.05	342.03
Non-current borrowings	(3,652.99)	(3,383.94)
Current borrowings	(2,288.03)	(1,734.45)
Interest accrued but not due on borrowings	(15.79)	(12.35)
<b>Net Debt</b>	<b>(5,314.76)</b>	<b>(4,788.71)</b>

	(₹ in Lakhs)				
	Cash and cash equivalents	Non-current borrowings	Current borrowings	Interest accrued but not due on borrowings	Total
<b>Net as at 01 April 2021</b>	<b>139.25</b>	<b>(3,647.00)</b>	<b>(4,460.00)</b>	<b>(9.24)</b>	<b>(7,976.99)</b>
Cash flows (net)	202.78	285.99	2,737.85	-	3,226.62
IND AS adjustments	-	(22.93)	-	4.60	(18.33)
Foreign exchange adjustments	-	-	(12.30)	-	(12.30)
Finance cost expense	-	-	-	(800.35)	(800.35)
Finance cost paid	-	-	-	792.64	792.64
<b>Net as at 31 March 2022</b>	<b>342.03</b>	<b>(3,383.94)</b>	<b>(1,734.45)</b>	<b>(12.35)</b>	<b>(4,788.71)</b>
Cash flows (net)	300.02	(288.22)	(559.16)	-	(547.36)
IND AS adjustments	-	19.17	-	(33.63)	(14.46)
Foreign exchange adjustments	-	-	5.58	-	5.58
Finance cost expense	-	-	-	(523.16)	(523.16)
Finance cost paid	-	-	-	553.35	553.35
<b>Net as at 31 March 2023</b>	<b>642.05</b>	<b>(3,652.99)</b>	<b>(2,288.03)</b>	<b>(15.79)</b>	<b>(5,314.76)</b>

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 43 Subsidiaries considered in the consolidated financial statement are as follows :

Sr. No	Name of the Subsidiaries	Principal place of business and country of incorporation	Proportion of ownership interest
1	ZIM Laboratories FZE	UAE	100%
2	ZIM Health Technologies Limited	INDIA	100%
3	SIA ZIM Laboratories Limited	LATVIA	100%
4	ZIM Thinorals Private Limited (w.e.f. 18 May 2021)	INDIA	100%

### Statement pursuant to details to be furnished for subsidiaries as prescribed by Companies Act, 2013

Name of the entity	2022-23							
	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As % of consolidated net assets	(₹ in lakhs)	As % of consolidated profit or loss	(₹ in lakhs)	As % of other Comprehensive Income	(₹ in lakhs)	As % of total Comprehensive Income	(₹ in lakhs)
Parent: ZIM Laboratories Limited	96.92%	19,417.82	102.35%	2,500.88	-68.18%	(46.16)	97.75%	2,454.72
<b>Foreign subsidiaries</b>								
ZIM Laboratories FZE	7.18%	1,439.26	0.13%	3.11	-	-	0.12%	3.11
SIA ZIM Laboratories Limited	-0.57%	(115.15)	-2.60%	(63.52)	-	-	-2.53%	(63.52)
<b>Indian subsidiaries</b>								
ZIM Health Technologies Limited	0.39%	78.57	0.13%	3.18	-	-	0.13%	3.18
ZIM Thinorals Private Limited	0.05%	9.64	-0.01%	(0.20)	-	-	-0.01%	(0.20)
Total elimination/adjustment	-3.97%	(795.54)	-	-	168.18%	113.86	4.53%	113.86
<b>Total</b>	<b>100.00%</b>	<b>20,034.60</b>	<b>100.00%</b>	<b>2,443.45</b>	<b>100.00%</b>	<b>67.70</b>	<b>100.00%</b>	<b>2,511.15</b>

Name of the entity	2021-22							
	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As % of consolidated net assets	(₹ in lakhs)	As % of consolidated profit or loss	(₹ in lakhs)	As % of other Comprehensive Income	(₹ in lakhs)	As % of total Comprehensive Income	(₹ in lakhs)
Parent: ZIM Laboratories Limited	96.81%	17,010.60	89.43%	1,301.28	85.61%	4.56	87.29%	1,305.84
<b>Foreign subsidiaries</b>								
ZIM Laboratories FZE	7.49%	1,316.52	11.22%	163.30	-	-	10.92%	163.30
SIA ZIM Laboratories Limited	-0.26%	(45.89)	-4.66%	(67.87)	-	-	-4.54%	(67.87)
<b>Indian subsidiaries</b>								
ZIM Health Technologies Limited	0.43%	75.38	4.02%	58.49	-	-	3.91%	58.49
ZIM Thinorals Private Limited	0.06%	9.84	-0.01%	(0.16)	-	-	-0.01%	(0.16)
Total elimination/adjustment	-4.53%	(795.50)	-	-	14.39%	36.35	2.43%	36.35
<b>Total</b>	<b>100.00%</b>	<b>17,570.95</b>	<b>100.00%</b>	<b>1,455.04</b>	<b>100.00%</b>	<b>40.91</b>	<b>100.00%</b>	<b>1,495.95</b>

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 44 Leases

Particulars	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
<b>The Balance sheet discloses the following amounts relating to leases:</b>		
Leasehold Land*	623.69	633.64
<b>Other Right to use Assets</b>		
Buildings	76.24	2.78
Plant and equipment	198.85	246.26
	<b>898.78</b>	<b>882.68</b>
<b>Lease liabilities</b>		
Current	157.22	140.74
Non-current	101.78	72.23
	<b>259.00</b>	<b>212.97</b>

\* There are no lease liabilities in respect of the leasehold land as the entire amount has been paid upfront on the date of the execution of the lease agreement with respective authorities.

Amounts recognised in statement of profit and loss	(₹ in Lakhs)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Depreciation charge on</b>		
Leasehold Land	9.95	5.70
<b>Other Right to use Assets</b>		
Buildings	18.40	8.28
Plant and equipment	227.67	209.94
	<b>256.02</b>	<b>223.92</b>
Interest expense included in finance cost	34.38	30.27
Expense relating to short-term leases	22.28	50.95
Expense relating to leases of low-value assets that are not shown above as short-term leases	-	-
Expense relating to variable lease payments not included in lease liability	-	-
Total cash outflow for leases during current financial year (excluding short term leases)	191.97	122.58
Additions to the right of use assets during the current financial year	272.12	300.76

### 45 Research and development expenditure

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Revenue expenditure charged to Statement of Profit and Loss (under notes 34, 36 and 37)	1,873.83	1,687.48
Capital Expenditure (under notes 3 and 4)	200.34	571.48
	<b>2,074.17</b>	<b>2,258.96</b>

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 46 Related Party Disclosures

As per Ind AS 24 "Related Party Disclosures", disclosure of transactions with the related parties as defined in the Indian Accounting Standard are given below:

#### A. List of related parties and relationship (to the extent where transactions have taken place and relationship of control) :

##### (i) Key Managerial Personnel:

	Nature of relationship
Dr. Anwar S. Daud	Managing Director and shareholder with significant influence
Mr. Zulfiqar Kamal	Director (Finance)
Mr. Riaz A. Kamal (upto 30 June 2021)	Executive Director
Mr. Niraj Dhadiwal	Executive Director
Mr. Prakash Sapkal	Executive Director
Dr. Naresh Gaikwad (upto 31 March 2022)	Independent Director
Dr. V.V. Parashar (upto 31 March 2022)	Independent Director
Mr. Suprakash. Chakravarty (upto 31 March 2022)	Independent Director
Mr. Padmakar Joshi	Independent Director
Mrs. Kavita Loya	Independent Director
Dr. Kamlesh Shende (w.e.f. 1 April 2022)	Independent Director
Dr. Kakasaheb Mahadik (w.e.f. 1 April 2022)	Independent Director
Mr. Piyush Nikhade	Company Secretary & Compliance Officer
Mr. Shyam Mohan Patro	Chief Financial Officer

##### (ii) Key Managerial Personnel: Wholly owned subsidiary companies

Dr. Chandrashekhar Mainde	Executive Director and Chief Executive Officer (ZIM Health Technologies Limited, India)
Mrs. Rashida Daud	General Manager (ZIM Laboratories FZE, UAE)

##### (iii) Other relatives:

Mrs. Sabbah Kamal	Wife of Director (Finance)
Dr. Nidhi Sapkal (upto 31 July 2021)	Wife of Executive Director (Mr. Prakash Sapkal)

##### (iv) Partnership LLP in which director of Wholly owned subsidiary company is a Partner

Pachira Financial Services LLP, India (w.e.f. 1 June 2022)	Related Party of ZIM Health Technologies Limited, India
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##### (v) Other significant influences

AA Development Capital India Fund 1, LLC (upto 21 June 2021)	Investor exercising significant influence
Elizabeth Mathew (w.e.f. 21 June 2021 upto 23 March 2022)	Shareholder exercising significant influence
Mathew Cyriac (w.e.f. 23 March 2022)	Shareholder exercising significant influence



## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 46 Related Party Disclosures (Contd.)

#### B. Nature of transactions:

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>1) Remuneration</b>		
Dr. Anwar S. Daud	160.44	134.58
Mr. Riaz A. Kamal*	-	50.38
Mr. Zulfiqar Kamal	106.50	82.50
Mr. Niraj Dhadiwal	87.50	75.00
Mr. Prakash Sapkal	91.78	74.00
Mr. Piyush Nikhade	28.69	24.15
Mr. Shyam Mohan Patro	73.79	70.85
Dr. Chandrashekhar Mainde	250.00	120.00
Mrs. Rashida Daud	11.88	7.29
<b>2) Director's fees</b>		
Dr. Naresh Gaikwad	-	1.00
Dr. V.V. Parashar	-	1.00
Mr. Suprakash. Chakravarty	-	1.00
Mr. Padmakar Joshi	7.00	1.00
Mrs. Kavita Loya	9.00	6.00
Dr. Kamlesh Shende	7.00	-
Dr. Kakasaheb Mahadik	7.00	-
<b>3) Professional fees</b>		
Dr. Nidhi Sapkal	-	8.00
Pachira Financial Services LLP, India	77.54	-
<b>4) Rent paid</b>		
Dr. Anwar S. Daud	11.04	11.04
Mrs. Sabbah Kamal	2.40	2.40

#### C. Balances outstanding at year end#

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
<b>Advance for expenses to Key Managerial Personnel</b>		
Mr. Prakash Sapkal	1.98	-
<b>Payable to Key Managerial Personnel</b>		
Dr. Anwar S. Daud	4.71	5.79
Mr. Zulfiqar Kamal	5.33	4.51
Mr. Niraj Dhadiwal	2.32	3.42
Mr. Prakash Sapkal	5.25	2.84
Mr. Piyush Nikhade	1.72	1.37
Mr. Shyam Mohan Patro	3.74	3.78
Dr. Chandrashekhar Mainde	57.12	16.75
Mrs. Rashida Daud	1.34	1.24

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 46 Related Party Disclosures (Contd.)

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
<b>Trade payable</b>		
Dr. Anwar S. Daud	2.48	5.80
Mrs. Sabbah Kamal	0.44	0.71
Pachira Financial Services LLP, India	20.62	-
Dr. Kamlesh Shende	1.58	-
Dr. Kakasaheb Mahadik	1.58	-
Mr. Padmakar Joshi	1.58	-
Mrs. Kavita Loya	2.03	-

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>Executive Directors' compensation</b>		
a) Short- term employee benefits	695.79	491.65
b) Post- employment benefits	0.43	44.81
<b>Total compensation **</b>	<b>696.22</b>	<b>536.46</b>

\* The remuneration during the previous year includes post employment benefits of ₹ 44.38 lakhs.

\*\* The remuneration to Key management personnel does not include provision for employee benefits determined on actuarial basis.

# Equity infusion into the Company are not considered for disclosure as these are not considered "outstanding" exposures". Refer notes 17 for the same.

All the transactions stated above with related parties are on arm's length basis.

All borrowings from banks and NBFC's are guaranteed by the managing director of the Company (Refer notes 19 & 22).

### 47 Contingent liabilities and commitments

#### (A) Contingent liabilities

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
Income Tax Assessments for earlier years, pending in appeal	551.42	551.42
Gram Panchayat Tax	15.43	13.70
Duty saved considering export obligation to be fulfilled subsequent to the reporting date, within the period allowed under the Advance License scheme	100.30	133.08

#### Notes:

- The Company does not expect any reimbursement in respect of the above contingent liabilities.
- It is not practical to estimate the timing of cash outflows, if any, in respect of matters above, pending resolution/completion of the appellate proceedings/other proceedings, as applicable.

#### Other matter

The Honourable Supreme Court, had passed a judgement on 28 February 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The management, based on legal advice, is of the view that the applicability of the judgement to the Company, with respect to the period and the nature of allowances to be covered due to interpretative challenges, and resultant impact on the past provident fund liability, cannot be reasonably ascertained.

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 47 Contingent liabilities and commitments (Contd.)

#### (B) Commitments

	(₹ in lakhs)	
	As at 31 March 2023	As at 31 March 2022
Estimated value of contracts in capital account remaining to be executed (net of capital advance)	2,487.04	93.09

### 48 Employee benefits

As per Indian Accounting Standard-19, 'Employee Benefits', the disclosure of Employee benefits as defined in the Standard are given below:

#### (a) Defined Contribution Plan:

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Employer's Contribution to Provident fund	125.00	115.85
Employer's Contribution to ESIC	6.72	6.30
Employer's Contribution to Labour welfare fund	1.37	0.32
Employer's Contribution to Pension fund	16.02	-

#### (b) Defined Benefits Plan :

##### 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.

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Mortality Table	Indian Assured Lives Mortality (2012-14) Urban	Indian Assured Lives Mortality (2012-14) Urban
Discount rate	7.39%	6.84%
Salary growth rate	5.00%	5.00%
Withdrawal rate	12.00%	12.00%
Expected rate & return on Plan assets	7.39%	6.84%
<b>Changes in the Fair value of Plan Assets</b>		
Present Value of Plan Assets at the beginning of the year	700.07	575.40
Investment Income	47.88	37.34
Employer's Contribution	112.61	96.94
Benefits Paid	-	(9.38)
Actuarial adjustment: Return on plan assets, excluding amount recognised in net interest expense	(1.81)	(0.23)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>858.75</b>	<b>700.07</b>

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 48 Employee benefits (Contd.)

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>Changes in the Present Value of Obligation</b>		
Present Value of Obligation at the beginning of the year	661.52	651.49
Current Service Cost	53.68	52.93
Interest Expenses or Cost	45.24	42.28
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in the demographic assumptions	-	(0.26)
- change in the financial assumptions	(20.38)	(11.27)
- experience variance (i.e. Actual experience v/s assumptions)	83.70	4.86
Past Service Cost	-	-
Benefits Paid	(31.70)	(78.51)
<b>Present Value of Obligation at the end of the year</b>	<b>792.06</b>	<b>661.52</b>

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
<b>Amount recognised in the Balance Sheet</b>		
Present Value of Obligation at the end of the year	792.06	661.52
Fair Value of Plan Assets at the end of the year	(858.75)	(700.07)
<b>Net (Asset) recognised at the end of the year</b>	<b>(66.69)</b>	<b>(38.55)</b>
<b>Percentage of each category of plan assets to total fair value of plan assets as at year end:</b>		
Administered by Life Insurance Corporation of India	100.00%	100.00%

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>Expenses recognised in the Statement of Profit and Loss</b>		
Current service cost	53.68	52.93
Past service cost	-	-
Loss/ (gain) on settlement	-	-
Net Interest cost / (income) on the Net Defined Benefit Liability / (Asset)	(2.64)	4.94
<b>Total expenses recognised in the Statement of Profit and Loss</b>	<b>51.04</b>	<b>57.87</b>
<b>Actuarial (gain) / loss</b>		
Actuarial (gain) / loss on Obligation for the period	63.32	(6.67)
Return on Plan Assets, excluding interest income	1.81	0.23
<b>Actuarial (gain) / loss recognised in Other Comprehensive Income</b>	<b>65.13</b>	<b>(6.44)</b>

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
<b>Maturity Profile of Defined Benefit Obligation</b>		
Weighted average duration (based on discounted cash flows)	6 years	6 years

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 48 Employee benefits (Contd.)

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
<b>Expected cash flows over the next (valued on undiscounted basis) as follows :</b>		
Year 1	129.41	95.13
Year 2	102.62	84.15
Year 3	116.87	91.70
Year 4	83.81	88.83
Year 5	93.10	62.35
Thereafter	681.21	567.59

#### Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, withdrawal rate and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of the sensitivity analysis is given below:

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
Defined Benefit Obligation (Base)	792.06	661.52

	Year ended 31 March 2023		Year ended 31 March 2022	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+ 1%)	37.94	(34.31)	33.34	(30.08)
(% change compared to base due to sensitivity)	4.8%	-4.3%	5.0%	-4.5%
Salary Growth Rate (-/+ 1%)	(32.42)	34.88	(27.73)	30.10
(% change compared to base due to sensitivity)	-4.1%	4.4%	-4.2%	4.5%
Attrition Rate (+/- 1%)	5.48	(6.05)	3.78	(4.19)
(% change compared to base due to sensitivity)	0.7%	-0.8%	0.6%	-0.6%

### (c) Compensated absences

The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year and net charge to the Statement of Profit and Loss for the year is ₹ 119.53 lakhs (Previous Year: ₹ 78.17 lakhs).

### 49 Segment information

The Group is primarily engaged in the business of pharmaceuticals. The Group has entrusted decision making authority to the Managing Director (highest authority) who is the Chief Operating Decision Maker (CODM) who has complete control over the operating decisions and is responsible for the information presented to the Board of Directors. Managing Director reviews the Group's performance based on the analysis of the Profit Before Tax (PBT) at an overall entity level and therefore there is no other separate reportable segment for the Group as defined by Ind AS 108 "Operating Segment".

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 49 Segment information (Contd.)

Information about geographical areas are as under :

Particulars	31 March 2023			31 March 2022		
	In India	Outside India	Total	In India	Outside India	Total
Revenue from operations*	6,033.78	33,818.93	39,852.71	6,329.69	27,012.99	33,342.68
Carrying amount of segment assets (non-current)**	13,534.90	1,208.85	14,743.75	11,508.18	916.77	12,424.95
Carrying amount of segment assets (current)	9,679.49	8,660.65	18,340.14	13,278.53	7,434.01	20,712.54
Capital expenditure for the year	2,981.87	649.27	3,631.14	1,499.52	122.64	1,622.16
- Tangible	2,882.04	0.29	2,882.33	1,458.63	4.25	1,462.88
- Intangible	99.83	648.98	748.81	40.89	118.39	159.28

The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 2.1.

\*As per Ind AS 108 - Operating Segments, the Company is required to disclose revenue from individual external customers when it is 10 per cent or more of entity's revenue. Details of individual external customers has revenue equal to or more than 10 per cent Group's revenue are as follows :

Customer	31 March 2023			31 March 2022		
	In India	Outside India	Total	In India	Outside India	Total
Customer A	-	5,458.10	5,458.10	-	1,888.91	1,888.91
Customer B	-	4,665.94	4,665.94	-	4,908.44	4,908.44

\*\*The carrying amount of non-current segment assets exclude financial assets and income tax assets (net)

### 50 Earnings per share

	Year ended 31 March 2023	Year ended 31 March 2022
I. Profit Computation for both Basic and Diluted Earnings per share:	2,443.45	1,455.04
Net Profit attributable to equity share holders		
II. Computation of weighted average number of equity shares :		
Weighted average number of equity shares in calculating basic EPS	48,725,814	48,725,814
Weighted average number of equity shares in calculating diluted EPS	48,725,814	48,725,814
III. Earnings Per Share:		
Basic Earning Per Share (₹) (Face value of ₹ 10 per share)	5.01	2.99
Diluted Earning Per Share (₹) (Face value of ₹ 10 per share)	5.01	2.99

During the year, the Holding Company allotted 32,483,876 equity shares of face value ₹ 10 each as fully paid up bonus shares by capitalisation of securities premium aggregating to ₹ 3,248.39 lakhs, pursuant to an ordinary resolution passed by the shareholders in the extra ordinary general meeting on 12 December 2022. The Holding Company has issued two bonus equity shares against one equity share held by its shareholders. Earnings per share of comparative periods have been adjusted towards bonus shares issued.

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 51 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 ₹ 500 crore or more, or turnover of ₹ 1,000 crore or more or a net profit of ₹ 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 the Company. The financial details as sought by the Companies Act, 2013 are as follows :

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Average net profit of the Company for last three financial years	877.72	1008.04
Prescribed CSR expenditure (2% of the average net profit as computed above)	17.55	20.16
<b>Details of CSR expenditure during the financial year :</b>		
(a) Total amount required to be spent for the financial year	17.55	20.16
(b) Amount approved by the Board to be spent for the financial year	17.98	20.62
(c) Amount spent for the financial year ending on 31March 2023 :	<b>Yet to be paid in cash</b>	<b>Total</b>
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	17.98	17.98
(d) Amount spent for the financial year ending on 31March 2022:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	20.62	20.62
(e) Detailed related to spent/ unspent obligations :		
(i) Contribution to Public Trust	-	-
(ii) Contribution to Charitable Trust	17.55	20.16
(iii) Unspent amount in relation to :		
- Ongoing project	-	-
- Other than ongoing project	-	-
	<b>17.55</b>	<b>20.16</b>

### Details of ongoing project and other than ongoing project

In case of Section 135(6) (Ongoing Project)			
Opening Balance (With Company)	Amount required to be spent for the year	Amount spent for the year (From Company's bank A/c)	Closing Balance (With Company)
-	-	-	-

In case of Section 135(5) (Other than ongoing Project)				
Opening Balance	Amount deposited in Specified Fund of Schedule VII within 6 months	Amount required to be spent for the year	Amount spent for the year	Closing Balance
0.46	-	17.55	17.98	0.89

In case of Section 135(5) Excess amount spent			
Opening Balance	Amount required to be spent for the year	Amount spent for the year	Closing Balance (With Company)
0.46	17.55	17.98	0.89

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 52 Ratio Analysis and its elements

Ratio	Basis		Year ended 31 March 2023	Year ended 31 March 2022	% change
Current ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	Times	1.72	1.45	19%
Debt- Equity Ratio	$\frac{\text{Total Debt}}{\text{Total Equity}}$	%	30%	29%	2%
Debt Service Coverage Ratio *	$\frac{\text{Earnings for debt service}}{\text{Debt Service}}$	Times	2.26	1.02	122%
Return on Equity Ratio	$\frac{\text{Profit After Tax}}{\text{Average Equity}}$	%	13.00%	8.65%	50%
Inventory Turnover Ratio	$\frac{\text{Cost of Goods Sold}}{\text{Avg. Inventory}}$	Times	3.08	2.47	25%
Trade Receivable Turnover Ratio	$\frac{\text{Revenue from Sale of Products}}{\text{Average Trade Receivables}}$	Times	4.21	4.06	4%
Trade Payable Turnover Ratio	$\frac{\text{Cost of Goods Sold}}{\text{Average Trade Payables **}}$	Times	4.82	3.74	29%
Net Capital Turnover Ratio	$\frac{\text{Revenue from Operations}}{\text{Working Capital ***}}$	Times	4.97	5.03	-1%
Net Profit Ratio	$\frac{\text{Net Profit After Tax}}{\text{Revenue from operations}}$	%	6.13%	4.36%	40%
Return on Capital Employed	$\frac{\text{Earnings before Interest and Tax ****}}{\text{Capital Employed *****}}$	%	16.81%	12.52%	34%
Return on Investment			NA ##	NA ##	0%
Operating Profit Margin	$\frac{\text{Earnings before Interest and Tax ****}}{\text{Revenue from operations}}$	%	10.27%	8.80%	17%
Basic EPS	$\frac{\text{Net Profit attributable to equity share holders}}{\text{Weighted average number of equity shares}}$	Times	5.01	2.99	68%
Interest coverage ratio	$\frac{\text{Earnings before Interest and Tax ****}}{\text{Finance costs}}$	Times	7.34	3.53	108%

\* Earnings for Debt Service = Net Profit after tax + Depreciation and amortisation expense + Finance costs, Debt Service = Principal Repayments + Finance costs (recognised)

\*\* Average Trade Payables = Average Trade payables for the materials purchase

\*\*\* Working Capital = Current Assets - Current Liabilities

\*\*\*\* Earnings before Interest and Tax = Profit before exceptional item and tax + Finance costs (recognised)

\*\*\*\*\* Capital Employed = Average of equity and total borrowings

## The Group has insignificant trade investment.

- (i) Debt Service Coverage Ratio: Improvement by 122% in the current year is mainly on account of improved working capital management and improvement in profitability of the Group
- (ii) Return on Equity Ratio: Increased by 50% in the current year due to improvement in profitability of the Group
- (iii) Trade Payable Turnover Ratio: Improvement by 29% in the current year due to repayment of trade payables for the materials purchase during the year

## Significant accounting policies and other explanatory information to the consolidated financial statements

For the year ended 31 March 2023

### 52 Ratio Analysis and its elements (Contd.)

- (iv) Net Profit Ratio: Increased by 40% in the current year due to improvement in profitability of the Group
- (v) Return on Capital Employed: Increased by 34% in the current year due to improvement in the profitability of the Group
- (vi) Basic EPS: Increased by 68% in the current year due to improvement in profitability of the Group
- (vii) Interest coverage ratio : Improvement by 108% in the current year is mainly due reduction in the finance costs on account of improved working capital management

**53** Figures of the previous year has been re-grouped/re-arranged wherever necessary. The impact of the same is not material to the users of financial statement.

#### For and on behalf of the Board of Directors

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

**Anwar S. Daud**  
Managing Director  
DIN: 00023529

**Zulfiqar M. Kamal**  
Director (Finance)  
DIN: 01786763

**Khushroo B. Panthaky**  
Partner  
Membership No.: 042423

**Shyam Mohan Patro**  
Chief Financial Officer

**Piyush Nikhade**  
Company Secretary

Place: Nagpur  
Date: 19 May 2023

Place: Nagpur  
Date: 19 May 2023

## Independent Auditor's Report

### To the Members of ZIM Laboratories Limited

#### Report on the Audit of the Standalone Financial Statements

##### Opinion

1. We have audited the accompanying standalone financial statements of **ZIM Laboratories Limited** ('the Company'), which comprise the Standalone Balance Sheet as at **31 March 2023**, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flow and the Standalone Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements ("the financial statements") give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at **31 March 2023**, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>a) Capitalization and realizability of 'Product Marketing Authorization' Rights</b></p> <p>(Refer Note 2.1(d) to the accompanying standalone financial statements for accounting policy and Note 5(A) and 5(B) related disclosures)</p> <p>The Company has applied for registration of its various pre-formulated products in different countries. The applications have been made to secure marketing rights / product authorizations in respective geographies, some of which are subject to regulatory approvals. The expenses towards registrations are capitalized as 'Product Marketing authorizations'. Such 'Product Marketing Authorization' (marketing rights) primarily include costs pertaining to bioequivalence studies, analytical method validation studies and product registration costs in respective geographies.</p> <p>Based on managements expectation of its commercial utilization of these products, these costs are amortized over a period of three years from the date of capitalization.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the management process and controls for calculating the amount to be capitalized and their reliability, and assessed the consistency of the accounting policies with relevant accounting standards;</li> <li>• Tested the mathematical accuracy of the amounts capitalized as marketing rights and also evaluated key assumptions regarding market potential used by the Company on sample basis.</li> <li>• Verified sample of costs expensed to supporting documentation such as study reports, invoices and payment records to ensure the correctness of the amounts being expensed.</li> <li>• Obtained an understanding from management as to the status of each marketing right under process and corroborating, on sample basis, these status assessments from the communication of the Company's management (as distinct from the financial management function) with respective authorities.</li> </ul>

##### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Key Audit Matter

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent Auditor's Report on the Audit of the Standalone Financial Statements

Key audit matter	How our audit addressed the key audit matter
<p>For marketing rights under process of approval, the primary risk relates to timely securing of requisite regulatory approvals. For capitalized marketing rights, the key risk is the ability to successfully commercialize the individual product concerned in the respective geography over the expected timelines.</p> <p>The assumptions/judgement applied by management in determining the recoverable value of such rights include expected contributions from projected business generated in respective countries. Changes in these assumptions could lead to an impairment to the carrying value of the intangible asset.</p> <p>Considering the amounts involved, inherent subjectivity and significant management judgement involved to estimate the recoverable value of the marketing rights, the matter has been considered to be a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"> <li>In respect of marketing rights for products that have received regulatory approvals, we assessed the useful life and amortization period for the capitalized costs and challenged their total estimated profitability based on results achieved till date</li> <li>In respect of marketing rights for products that are no longer considered viable, we determined whether the carrying amount had been appropriately written off.</li> <li>Evaluated the adequacy of the related disclosures made in the standalone financial statements.</li> </ul>

## Information other than the Financial Statements and Auditor's Report thereon

6. Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditors report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act, and other accounting principles generally accepted in India. This responsibility also includes maintenance of

adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

- In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
- Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Independent Auditor's Report on the Audit of the Standalone Financial Statements

- As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

- As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
- As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
  - 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 accompanying standalone financial statements;
  - 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;
  - The standalone financial statements dealt with by this report are in agreement with the books of account;
  - in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors

**Annexure I** referred to in Paragraph 16 of 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 2023

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular program of physical verification of its property, plant and equipment and right of use assets under which the assets are physically verified in a phased manner over a period of three 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 property, plant and equipment and right of use assets were verified during the year and no material discrepancies were noticed on such verification
- (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 3 to the standalone financial statements are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment including Right of Use assets or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records.
- (b) As disclosed in note 22 to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of ₹ 5 crore by

banks based on the security of current assets during the year. The quarterly returns, in respect of the working capital limits have been filed by the Company with such banks and such returns are in agreement with the books of account of the Company for the respective periods, which were subject to audit.

- (iii) (a) The Company has not made any investment in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or any other parties during the year. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) The Company has not provided any loans or provided any advances in the nature of loans, or guarantee, or security to any other entity during the year. Accordingly, reporting under clauses 3(iii)(b) of the Order is not applicable to the Company.
- (c) The Company does not have any outstanding loans and advances in the nature of loans at the beginning of the current year nor has granted any loans or advances in the nature of loans during the year. Accordingly, reporting under clauses 3(iii)(c), 3(iii)(d), 3(iii)(e) and 3(iii)(f) of the Order is not applicable to the Company.
- (iv) The Company has not entered into any transaction covered under sections 185 and 186 of the Act. Accordingly, reporting under clause 3(iv) of the Order is not applicable to the Company.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. 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 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.

- is disqualified as on **31 March 2023** 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 with reference to standalone financial statements of the Company as on **31 March 2023** and the operating effectiveness of such controls, refer to our separate Report in Annexure II, wherein we have expressed an unmodified opinion; and
  - 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 46 (A) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at **31 March 2023**;
    - ii. the Company did not have any long-term contracts, including derivative contracts for which there were any material foreseeable losses as at **31 March 2023**;
    - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended **31 March 2023**;
    - iv. a) The management has represented that, to the best of its knowledge and belief, on the date of this audit report, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entity, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner, whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - b) The management has represented that, to the best of its knowledge and belief, on the date of this audit report, no funds have been received by the Company from any person or entity, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
    - c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
    - v. The Company has not declared or paid any dividend during the year ended **31 March 2023**.
    - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.
- For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013
- Khushroo B. Panthaky**  
Partner  
Membership No.: 042423  
UDIN: 23042423BGWINX8829
- Place: Nagpur  
Date: 19 May 2023

**Independent Auditor's Report on the Audit of the Standalone Financial Statements**  
**Annexure I (Contd.)**

- (vii) (a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, 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, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Amount paid under Protest (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961		395.94	84.00	Assessment Year 2010-11	Commissioner of Income Tax (Appeal) and Income Tax Appellate Tribunal.
	Income tax	155.48	50.10	Assessment Year 2008-09, 2009-10 and 2011-12 to 2013-14	Income Tax Appellate Tribunal
The Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act, 1965	Gram panchayat tax	15.43	-	Financial year 2009-10 to 2022-23	Kalmeshwar Municipal Council

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including confirmations received from banks/ financial institution representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report

financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company does not have any associate or Joint Venture.

**Independent Auditor's Report on the Audit of the Standalone Financial Statements**  
**Annexure I (Contd.)**

- under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a),(b) and (c) of the Order are not applicable to the Company.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any Core Investment Company.
- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the {financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) According to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility pertaining to other than ongoing projects as at end of the current financial year. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility pertaining to any ongoing project as at end of the current financial year. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable to the Company.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

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

**Khushroo B. Panthaky**  
Partner  
Membership No.: 042423  
UDIN: 23042423BGWINX8829

Place: Nagpur  
Date: 19 May 2023



## Annexure II 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 2023

### Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements 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 2023**, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

### Responsibilities of Management and Those Charged with Governance 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 Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (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 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.

### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Standalone Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, 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 internal financial controls with reference to standalone financial statements 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 internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes obtaining an understanding of such internal financial controls, 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 internal financial controls with reference to standalone financial statements.

### Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

6. A company's internal financial controls with reference to standalone financial statements 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 internal financial controls with reference to standalone financial statements 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 standalone 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 standalone financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or

### Annexure II (Contd.)

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 internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements 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 with reference to standalone financial statements and such controls were operating effectively as at **31 March 2023**, 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 Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Khushroo B. Panthaky**  
Partner  
Membership No.: 042423  
UDIN: 23042423BGWINX8829

Place: Nagpur  
Date: 19 May 2023

# Standalone Balance Sheet

As at 31 March 2023

	Note	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	10,369.03	10,172.43
Capital work-in-progress	4	1,783.85	509.74
Intangible assets	5(A)	346.22	158.15
Intangible assets under development	5(B)	842.05	632.67
<b>Financial Assets</b>			
Investment in subsidiaries	6	812.44	812.44
Other Investments	6A	5.15	5.15
Other financial assets	7	91.42	155.63
Income tax assets (net)	8	193.56	349.77
Other non-current assets	9	1,178.83	686.58
		<b>15,622.55</b>	<b>13,482.56</b>
<b>Current assets</b>			
Inventories	10	5,370.62	7,528.42
<b>Financial Assets</b>			
Trade receivables	11	8,836.35	8,088.84
Cash and cash equivalents	12	110.98	54.22
Bank balances other than cash and cash equivalents	13	109.80	155.15
Loans	14	4.53	2.14
Other financial assets	15	9.70	25.31
Other current assets	16	3,422.07	4,205.57
		<b>17,864.05</b>	<b>20,059.65</b>
<b>TOTAL ASSETS</b>		<b>33,486.60</b>	<b>33,542.21</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	17	4,872.58	1,624.19
Other equity	18	14,545.24	15,386.41
		<b>19,417.82</b>	<b>17,010.60</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	19	2,462.45	1,892.34
Lease liabilities	20	101.78	72.23
Deferred tax liabilities (net)	21	480.32	36.33
		<b>3,044.55</b>	<b>2,000.90</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	22	3,494.36	3,238.40
Lease liabilities	23	157.22	140.74
Trade payables	24		
- total outstanding due of micro enterprises and small enterprises		232.97	191.80
- total outstanding due of creditors other than micro enterprises and small enterprises"		5,695.12	7,997.88
Other financial liabilities	25	776.04	404.89
Other current liabilities	26	609.03	2,278.76
Provisions	27	59.49	71.68
Current tax liabilities (net)	28	-	206.56
		<b>11,024.23</b>	<b>14,530.71</b>
<b>TOTAL LIABILITIES</b>		<b>14,068.78</b>	<b>16,531.61</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>33,486.60</b>	<b>33,542.21</b>
Significant accounting policies and other explanatory information	1 - 53		-

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

For and on behalf of the Board of Directors

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013**Anwar S. Daud**  
Managing Director  
DIN: 00023529**Zulfiqar M. Kamal**  
Director (Finance)  
DIN: 01786763**Khushroo B. Panthaky**  
Partner  
Membership No.: 042423**Shyam Mohan Patro**  
Chief Financial Officer**Piyush Nikhade**  
Company SecretaryPlace: Nagpur  
Date: 19 May 2023Place: Nagpur  
Date: 19 May 2023

# Standalone Statement of Profit and Loss

For the year ended 31 March 2023

	Note	Year ended 31 March 2023	Year ended 31 March 2022
(₹ in Lakhs)			
<b>I. Income</b>			
Revenue from operations	29	39,653.13	32,949.37
Other income	30	643.06	450.62
<b>Total Income</b>		<b>40,296.19</b>	<b>33,399.99</b>
<b>II. Expenses</b>			
Cost of materials consumed	31	16,498.32	16,060.98
Purchase of stock in trade	32	1,739.16	940.64
Changes in inventories of finished goods and work-in-progress	33	1,646.35	(966.90)
Employee benefits expense	34	4,647.00	3,863.28
Finance costs	35	557.54	830.62
Depreciation and amortisation expense	36	1,612.83	1,483.74
Other expenses	37	10,003.19	9,257.97
<b>Total Expenses</b>		<b>36,704.39</b>	<b>31,470.33</b>
<b>III. Profit before tax</b>		<b>3,591.80</b>	<b>1,929.66</b>
<b>IV. Tax (expense):</b>	38		
(i) Current Tax		(627.96)	(340.37)
(ii) Tax adjustment pertaining to earlier years		-	0.35
(iii) Deferred Tax		(462.96)	(288.36)
		<b>(1,090.92)</b>	<b>(628.38)</b>
<b>V. Net Profit after tax</b>		<b>2,500.88</b>	<b>1,301.28</b>
<b>VI. Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
- Measurements of defined employee benefit plans		(65.13)	6.44
- Income tax relating to items that will not be reclassified to profit or loss		18.97	(1.88)
		<b>(46.16)</b>	<b>4.56</b>
<b>VII. Total Comprehensive Income</b>		<b>2,454.72</b>	<b>1,305.84</b>
<b>VIII. Earnings per equity share: Nominal value of ₹ 10 each</b>	50		
Basic (in ₹)		5.13	2.67
Diluted (in ₹)		5.13	2.67
Significant accounting policies and other explanatory information	1 - 53		

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

For and on behalf of the Board of Directors

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013**Anwar S. Daud**  
Managing Director  
DIN: 00023529**Zulfiqar M. Kamal**  
Director (Finance)  
DIN: 01786763**Khushroo B. Panthaky**  
Partner  
Membership No.: 042423**Shyam Mohan Patro**  
Chief Financial Officer**Piyush Nikhade**  
Company SecretaryPlace: Nagpur  
Date: 19 May 2023Place: Nagpur  
Date: 19 May 2023

## Standalone Statement of Cash Flow

For the year ended 31 March 2023

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>3,591.80</b>	<b>1,929.66</b>
Depreciation and amortisation expense	1,612.83	1,483.74
Government Incentive	(8.20)	(8.20)
Interest on lease deposits	(9.21)	(8.26)
(Gain) on sale of property, plant and equipment (net)	(2.00)	(5.70)
Property, plant and equipment written off	65.97	0.30
Unrealized foreign exchange (gain)	(101.76)	(97.63)
Provision for employee benefits	(105.46)	(100.82)
Dividend income on investments	(0.60)	(0.60)
Interest income	(6.82)	(17.28)
Loss allowance - trade receivables	79.14	-
Finance costs	557.54	830.62
<b>Operating profit before working capital changes</b>	<b>5,673.23</b>	<b>4,005.83</b>
Movement in working capital :		
Increase/(decrease) in trade and other payables and provisions	(3,705.66)	3,009.16
(Increase)/decrease in inventories	2,157.80	(2,093.70)
(Increase)/decrease in trade and other receivables	96.03	(195.94)
<b>Net Cash generated from operations</b>	<b>4,221.40</b>	<b>4,725.35</b>
Direct taxes paid (net of refunds)	(698.22)	(22.70)
<b>Net cash generated from operating activities (A)</b>	<b>3,523.18</b>	<b>4,702.65</b>
<b>Cash flow from investing activities</b>		
Purchases of property, plant and equipment and intangibles (Refer note i)	(3,567.42)	(1,497.17)
Sale proceeds of property, plant and equipment	2.00	16.00
Investment in subsidiary	-	(10.00)
Maturity of bank deposits (having original maturity of more than three months)	35.99	29.95
Interest received	7.85	18.85
Dividend received	0.60	0.60
<b>Net cash used in investing activities (B)</b>	<b>(3,520.98)</b>	<b>(1,441.77)</b>
<b>Cash flow from financing activities</b>		
Transaction cost for issue of bonus shares (Refer note 17 (d))	(47.50)	-
Proceeds from long term borrowings	1,835.30	2,707.01
(Repayment) of long term borrowings	(1,547.08)	(2,993.00)
(Repayment)/proceeds of short term borrowings	559.16	(2,737.85)
(Repayment) of lease obligations	(191.97)	(122.58)
Maturity of bank deposits towards margin money against borrowings	-	642.01
Finance costs paid	(553.35)	(792.64)
Changes in unclaimed dividend bank balances	5.85	16.78
Dividends paid on equity shares (unclaimed)	(5.85)	(16.78)
<b>Net cash generated from/ (used in) financing activities (C)</b>	<b>54.56</b>	<b>(3,297.05)</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>56.76</b>	<b>(36.17)</b>
Opening cash and cash equivalents	54.22	90.39
<b>Closing cash and cash equivalents</b>	<b>110.98</b>	<b>54.22</b>

## Standalone Statement of Cash Flow (Contd.)

For the year ended 31 March 2023

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>Components of cash and cash equivalents</b>		
Cash on hand	8.02	13.41
Balances with banks in:		
- Current accounts	102.96	40.81
<b>Total cash and cash equivalents (Refer note 12)</b>	<b>110.98</b>	<b>54.22</b>

### Notes:

- Includes capital work-in-progress, capital advance, payables for property, plant and equipment and intangible assets under development.
- The statement of cash flow has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) Statement of Cash Flows.

Significant accounting policies and other explanatory information 1 - 53

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

### For and on behalf of the Board of Directors

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

**Anwar S. Daud**  
Managing Director  
DIN: 00023529

**Zulfiqar M. Kamal**  
Director (Finance)  
DIN: 01786763

**Khushroo B. Panthaky**  
Partner  
Membership No.: 042423

**Shyam Mohan Patro**  
Chief Financial Officer

**Piyush Nikhade**  
Company Secretary

Place: Nagpur  
Date: 19 May 2023

Place: Nagpur  
Date: 19 May 2023

# Standalone Statement of Changes in Equity

For the year ended 31 March 2023

## Equity share capital (Refer note 17)

	Number of shares	₹ in lakhs
<b>As at 01 April 2021</b>	16,241,938	1,624.19
Changes during the year	-	-
<b>As at 31 March 2022</b>	16,241,938	1,624.19
Changes during the year	32,483,876	3,248.39
<b>As at 31 March 2023</b>	<b>48,725,814</b>	<b>4,872.58</b>

## Other equity (Refer note 18)

	Reserves & Surplus			Total
	Securities premium	General reserve	Retained earnings	
<b>Opening balance as at 1 April 2021</b>	4,098.87	106.20	9,875.50	14,080.57
<b>Transactions during the year</b>				
<b>Total comprehensive income for the year</b>				
Net profit for the year	-	-	1,301.28	1,301.28
OCI for the year	-	-	4.56	4.56
<b>Closing balance as at 31 March 2022</b>	4,098.87	106.20	11,181.34	15,386.41
<b>Transactions during the year</b>				
<b>Total comprehensive income for the year</b>				
Net profit for the year	-	-	2,500.88	2,500.88
OCI for the year	-	-	(46.16)	(46.16)
Amount utilized for issue of bonus shares	(3,248.39)	-	-	(3,248.39)
Transaction cost for issue of bonus shares	(47.50)	-	-	(47.50)
<b>Closing balance as at 31 March 2023</b>	<b>802.98</b>	<b>106.20</b>	<b>13,636.06</b>	<b>14,545.24</b>

This is the Statement of Changes in Equity referred to in our report of even date

### For and on behalf of the Board of Directors

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

**Anwar S. Daud**  
Managing Director  
DIN: 00023529

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Membership No.: 042423

**Shyam Mohan Patro**  
Chief Financial Officer

**Piyush Nikhade**  
Company Secretary

Place: Nagpur  
Date: 19 May 2023

Place: Nagpur  
Date: 19 May 2023

# Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

## 1. Background of the Company

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 standalone financial statements ("the financial statements") of the Company for the year ended **31 March 2023** were authorised for issue in accordance with resolution of the Board of Directors on 19 May 2023.

## 2. Basis for preparation of financial Statements

### (i) Compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India.

The accounting policies are applied consistently to all the periods presented in the financial statements.

### (ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- 1) certain financial assets and liabilities that are measured at fair value;
- 2) assets held for sale - measured at lower of carrying amount or fair value less cost to sell;
- 3) defined benefit plans - plan assets measured at fair value;

### (iii) Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (not exceeding twelve months) and other criteria set out in the Schedule III to the Act.

### (iv) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

## 2.1 Significant Accounting Policies

### a Use of estimates

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

### b Property, plant and equipment (including Capital Work-in-Progress)

The Company had applied for the one time transition exemption of considering the carrying cost on the transition date i.e. 1 April 2016 as the deemed cost under IND AS. Hence regarded thereafter as historical cost.

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

### c Depreciation methods and estimated useful lives

The Company provides for depreciation on additions and disposals made during the year on

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

pro-rata basis from the date of additions upto the date of disposal. Depreciation on property, plant and equipment is provided under the straight line method over the useful lives of assets, as prescribed under Part C of Schedule II of the Act.

Useful life considered for calculation of depreciation for various assets class are as follows:

Assets Class	Useful Life
Building	5 years & 30 years
Plant and Equipment	10 years & 15 years
Electric Installation	10 years
Furniture and Fixtures	10 years
Office Equipment's	3-6 years
Vehicles	8 years

The residual values are not more than 5% of the original cost of the asset.

Leasehold Improvements are amortized over the lower of the lease term or useful life of the respective asset prescribed as above.

Leasehold land, in the nature of finance lease, is amortised over the primary period of lease.

### d Intangible assets (including Intangible assets under development)

Intangible assets are stated at acquisition/development cost, net of tax credit on initial recognition. 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 Measurement and recognition of leases

The Company considers whether contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that convey the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### Company as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company and any lease payments made in advance of the lease commencement date.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance, fixed), and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest expenses. It is remeasured to reflect any reassessment or modification.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or Statement of profit and loss, as the case may be.

The Company has elected to account for short-term leases and leases of low-value assets using the exemption given under Ind AS 116, Leases. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term or on another systematic basis if that basis is more representative of the pattern of the Company's benefit.

### Company as a lessor

Lease income from operating leases where the Company is a lessor is recognised as income on straight line basis over the lease term .

### g Borrowings and other financial liabilities

Borrowings and other financial liabilities are initially recognised at fair value (net of transaction costs incurred). Difference between the fair value and the transaction proceeds on initial recognition is recognised as an asset / liability based on the underlying reason for the difference.

Subsequently all financial liabilities are measured at amortised cost using the effective interest rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss. The gain / loss is recognised in other equity in case of transaction with shareholders."

### h Borrowing costs

General and specific borrowing costs directly attributable to the acquisition/ construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in Statement of Profit and Loss in the period in which they are incurred.

### i Impairment of non-financial assets

Assessment is carried out at each Balance Sheet date as to whether there is any indication that an asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication of impairment exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to their recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

asset and from its disposal at the end of its useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed if there was no impairment.

### j Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and are credited to statement of profit and loss on a straight-line basis over the expected useful lives of the related assets and presented within other income."

### k Investments in subsidiaries

Investments in subsidiaries are recognised at cost as per Ind AS 27 except when they are classified as held for sale, they shall be accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations.

### l Investments and financial assets

#### Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through statement of profit and loss), and
- those measured at amortised cost."

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

#### Measurement

At initial recognition, the Company measures a financial asset (excluding trade receivables which

do not contain a significant financing component) at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Statement of Profit and Loss."

#### Measurement of debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in Statement of Profit and Loss, when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss. Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

part of a hedging relationship is recognised in statement of profit and loss and presented net in the Statement of Profit and Loss in the period in which it arises. Interest income from these financial assets is included in other income.

#### Measurement of equity instruments

The Company measures its equity investment (other than in subsidiaries) at fair value through profit and loss. However where the Company's management makes an irrevocable choice on initial recognition to present fair value gains and losses on specific equity investments in other comprehensive income (Currently no such choice made), there is no subsequent reclassification, on sale or otherwise, of fair value gains and losses to the Statement of Profit and Loss.

#### Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### De-recognition of financial assets

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or they have expired or
- The Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients."

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks

and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

#### Interest income from financial assets

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses."

### m Derivatives and embedded derivatives

The Company uses derivative financial instruments i.e. foreign exchange forward contracts to manage its exposure to foreign exchange risks. Such contracts are accounted for at fair value through profit or loss. Derivatives are carried as financial assets/liabilities when the fair value is positive/negative, respectively.

Derivatives embedded in a host contracts that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### n Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### o Inventories

Inventories are stated at lower of cost and net realisable value. Cost of raw materials, stores, spares and packing materials is determined at weighted average cost or net realisable value, whichever is lower. The cost of finished goods and work in progress comprises raw materials cost, packing materials cost, direct labour, other direct costs and related production overheads, as applicable. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### p Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/ translation of monetary assets and liabilities are recognised in the Statement of Profit and Loss, unless they are considered as an adjustment to borrowing costs, in which case they are classified along with the borrowing cost. Non-monetary foreign currency items are carried at cost.

### q Revenue Recognition

The Company derives revenues primarily from sale of manufactured goods and traded goods.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products.

The Company does not expect to have any contracts where the period between the transfer

of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied."

### Other operating revenue - Product development service income

Income from product development is recognised in accordance with the terms of the contract with customers when the related performance obligation is completed, or when risks and rewards of ownership are transferred, as applicable.

The Company enters into certain product development and supply arrangements that, in certain instances, include certain performance obligations. Based on an evaluation of whether or not these obligations are inconsequential or perfunctory, the Company recognises or defers the upfront payments received under these arrangements.

### Export incentives

Export Incentives under various schemes are accounted in the year of export.

### Out-licensing income

Revenues include amounts derived from out-licensing income. These income typically depends

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

on achieving certain milestones in accordance with the terms prescribed in the agreement. Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones, if the milestones are considered substantive, or over the period the Company has continuing performance obligations, if the milestones are not considered substantive.

### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

### Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects entity's unconditional right to consideration (that is, payment is due only on the passage of time). Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. The entity holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

### r Other Income

Interest income for all debt instruments is recognised using the effective interest rate method. Dividend Income is recognised when right to receive the payment is established by the balance sheet date.

### s Employee Benefits

#### Defined Contribution Plan

The Company has Defined Contribution Plan for post employment benefit namely Provident Fund and National Pension Fund which are recognised by the income tax authorities and administered through appropriate authorities. The Company contributes to a Government administered Provident Fund and National Pension Fund and has no further obligation beyond making its contribution.

The Company's contributions to the above funds are charged to Statement of Profit and Loss every year as and when due.

#### Defined Benefit Plan - Gratuity

The Company has Defined Benefit Plan comprising of Gratuity. The Gratuity scheme is funded through Group Gratuity Cum Life Assurance Scheme from LIC. The adequacy of accumulated fund balance available with LIC has been established by comparing such balance based on actuarial valuation carried out by an independent actuary as at the Balance Sheet date and shortfall/ excess, if any, has been provided for/ considered as prepaid.

The liability or asset recognised in the balance sheet in respect of defined gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by actuary applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

#### Compensated Absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. All other absences are treated as long term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

be paid as a result of the unused entitlement as at the year end. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

### Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

### t Current and Deferred Tax

Tax expense recognised in the statement of profit and loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Income tax (current-tax) assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the

liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets (Including Minimum Alternate Tax(MAT)) are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

### u Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

### v Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss (excluding other comprehensive income) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a right issue, share split and reverse share splits (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 (excluding other comprehensive income) for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### w Recent accounting pronouncements

Companies (Indian Accounting Standards) Amendment Rules 2023 – 31 March 2023 Standards issued but not effective:

The Ministry of Corporate Affairs has vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 which amends certain accounting standards, and are effective 1 April 2023.

The Rules predominantly amend Ind AS 12-Income Taxes and Ind AS 1-Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications. These amendments are not expected to have any material impact on the Company in the current or future reporting periods and on foreseeable future transactions. "

### x Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also need to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgement are:

- Useful life and residual value of property, plant and equipment (PPE) and intangible assets (Refer note 3, 4, 5(A) & 5(B))

The Company reviews the useful lives of property, plant and equipment and intangible assets at the end of each reporting period. This reassessment may result in change in depreciation and amortisation expense in future periods.

- Recognition and measurement of defined benefit obligations (Refer note 47)

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. •

Valuation of taxes on income (Refer note 38) The Company reviews the carrying amount of



## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

tax expenses, deferred tax assets(including MAT credit) and tax payable at the end of each reporting period.

- Loss Allowance (Refer note 11)  
Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Individual

trade receivables are written off if the same are not collectible.

Leases – Estimating the incremental borrowing rate (Refer Note 2(f))

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the fund necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 3 Property, plant and equipment

	₹ in Lakhs)										Total	
	Freehold Land	Buildings	Plant and Equipment	Electric Installation	Furniture and Fixtures	Office Equipments	Vehicles	Right to use Assets Leasehold Land	Other Right to use Assets			
<b>Gross carrying amount</b>												
Balance as at 1 April 2021	961.57	4,363.90	7,117.66	162.74	957.54	316.41	174.75	583.03	480.99			15,118.59
Additions	-	350.10	565.70	-	96.76	91.70	-	62.48	238.28			1,405.02
Deletions	-	-	48.42	-	-	-	2.56	-	-			50.98
<b>Balance as at 31 March 2022</b>	<b>961.57</b>	<b>4,714.00</b>	<b>7,634.94</b>	<b>162.74</b>	<b>1,054.30</b>	<b>408.11</b>	<b>172.19</b>	<b>645.51</b>	<b>719.27</b>			<b>16,472.63</b>
Additions	-	318.14	792.75	73.21	84.66	67.02	-	-	272.12			1,607.90
Deletions	-	-	271.83	-	-	-	-	-	-			271.83
<b>Balance as at 31 March 2023</b>	<b>961.57</b>	<b>5,032.14</b>	<b>8,155.86</b>	<b>235.95</b>	<b>1,138.96</b>	<b>475.13</b>	<b>172.19</b>	<b>645.51</b>	<b>991.39</b>			<b>17,808.70</b>
<b>Accumulated Depreciation/ Amortisation</b>												
Balance as at 1 April 2021	-	768.74	3,163.89	110.06	411.50	230.98	108.24	6.17	252.01			5,051.59
Charge for the year	-	166.06	715.25	16.87	101.41	51.33	14.14	5.70	218.22			1,288.98
Deletions	-	-	37.81	-	-	-	2.56	-	-			40.37
<b>Balance as at 31 March 2022</b>	<b>-</b>	<b>934.80</b>	<b>3,841.33</b>	<b>126.93</b>	<b>512.91</b>	<b>282.31</b>	<b>119.82</b>	<b>11.87</b>	<b>470.23</b>			<b>6,300.20</b>
Charge for the year	-	180.94	712.33	18.34	108.81	54.21	14.68	9.95	246.07			1,345.33
Deletions	-	-	205.86	-	-	-	-	-	-			205.86
<b>Balance as at 31 March 2023</b>	<b>-</b>	<b>1,115.74</b>	<b>4,347.80</b>	<b>145.27</b>	<b>621.72</b>	<b>336.52</b>	<b>134.50</b>	<b>21.82</b>	<b>716.30</b>			<b>7,439.67</b>
<b>Net carrying amount</b>												
Balance as at 31 March 2022	961.57	3,779.20	3,793.61	35.81	541.39	125.80	52.37	633.64	249.04			10,172.43
<b>Balance as at 31 March 2023</b>	<b>961.57</b>	<b>3,916.40</b>	<b>3,808.06</b>	<b>90.68</b>	<b>517.24</b>	<b>138.61</b>	<b>37.69</b>	<b>623.69</b>	<b>275.09</b>			<b>10,369.03</b>
<b>i Building includes those constructed on leasehold land:</b>												
								<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>			
Gross carrying amount								4,957.02	4,904.15			
Depreciation charged during the year								179.05	165.01			
Accumulated depreciation								1,107.56	928.51			
<b>Net carrying amount</b>								<b>3,849.46</b>	<b>3,975.64</b>			
<b>ii</b>												
Vehicles includes vehicles in the personal name of directors & employees having Gross carrying amount ₹ 74.77 lakhs and net carrying value of ₹ 15.53 Lakhs												
(31 March 2022 - Gross carrying amount ₹ 74.77 lakhs and net carrying value of ₹ 22.28 Lakhs )												
<b>iii</b>												
Refer note 46 (B) for disclosure of contractual commitments for the acquisition of property, plant and equipment.												
<b>iv</b>												
Refer note 19 and 22 for information on property, plant and equipment pledged as security by the Company.												

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 4 Capital work-in-progress (CWIP)

	(₹ in Lakhs)
<b>Balance as at 1 April 2021</b>	<b>456.13</b>
Additions	1,458.63
Capitalisation	(1,405.02)
<b>Balance as at 31 March 2022</b>	<b>509.74</b>
Additions	2,882.01
Capitalisation	(1,607.90)
<b>Balance as at 31 March 2023</b>	<b>1,783.85</b>

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>Balance as at 31 March 2023</b>					
Projects in progress	1,747.11	6.95	8.88	20.91	1,783.85
Projects temporarily suspended	-	-	-	-	-
	<b>1,747.11</b>	<b>6.95</b>	<b>8.88</b>	<b>20.91</b>	<b>1,783.85</b>
<b>Balance as at 31 March 2022</b>					
Projects in progress	235.78	7.82	93.66	172.48	509.74
Projects temporarily suspended	-	-	-	-	-
	<b>235.78</b>	<b>7.82</b>	<b>93.66</b>	<b>172.48</b>	<b>509.74</b>

Note:

Capital work-in-progress (CWIP) as at 31 March 2023 includes cost incurred towards construction of property, plant and equipment of the Company. The CWIP under age bracket of more than 3 years has been capitalised subsequent to 31 March 2023.

### 5A Intangible assets

	Software		Product Marketing Authorisation	Total
<b>Gross carrying amount</b>				
<b>Balance as at 1 April 2021</b>	<b>169.76</b>	<b>664.68</b>		<b>834.44</b>
Additions - Internally developed	-	98.73		98.73
- Acquired	6.50	-		6.50
Deletions	-	-		-
<b>Balance as at 31 March 2022</b>	<b>176.26</b>	<b>763.41</b>		<b>939.67</b>
Additions - Internally developed	-	250.46		250.46
- Acquired	205.11	-		205.11
Deletions	-	-		-
<b>Balance as at 31 March 2023</b>	<b>381.37</b>	<b>1,013.87</b>		<b>1,395.24</b>
<b>Accumulated Amortisation</b>				
<b>Balance as at 1 April 2021</b>	<b>161.05</b>	<b>425.71</b>		<b>586.76</b>
Charge for the year	3.44	191.32		194.76
Deletions	-	-		-
<b>Balance as at 31 March 2022</b>	<b>164.49</b>	<b>617.03</b>		<b>781.52</b>
Charge for the year	26.74	240.76		267.50
Deletions	-	-		-
<b>Balance as at 31 March 2023</b>	<b>191.23</b>	<b>857.79</b>		<b>1,049.02</b>
<b>Net carrying amount</b>				
Balance as at 31 March 2022	11.77	146.38		158.15
<b>Balance as at 31 March 2023</b>	<b>190.14</b>	<b>156.08</b>		<b>346.22</b>

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 5(B) Intangible assets under development (IAUD)

	(₹ in Lakhs)
<b>Balance as at 1 April 2021</b>	<b>589.98</b>
Additions - Internally developed	107.03
- Acquired	40.89
Capitalisation - Internally developed	(98.73)
- Acquired	(6.50)
<b>Balance as at 31 March 2022</b>	<b>632.67</b>
Additions - Internally developed	566.23
- Acquired	98.72
Capitalisation - Internally developed	(250.46)
- Acquired	(205.11)
<b>Balance as at 31 March 2023</b>	<b>842.05</b>

### Intangible assets under development (IAUD) Ageing Schedule

	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>Balance as at 31 March 2023</b>					
Projects in progress	803.84	36.78	1.43	-	842.05
Projects temporarily suspended	-	-	-	-	-
	<b>803.84</b>	<b>36.78</b>	<b>1.43</b>	<b>-</b>	<b>842.05</b>
<b>Balance as at 31 March 2022</b>					
Projects in progress	155.15	147.41	59.24	270.87	632.67
Projects temporarily suspended	-	-	-	-	-
	<b>155.15</b>	<b>147.41</b>	<b>59.24</b>	<b>270.87</b>	<b>632.67</b>

Note:

Represents expenditure incurred towards obtaining regulatory approvals and registration of the products for overseas markets.

### Non-current:

### 6 Investment in subsidiaries

	As at 31 March 2023	As at 31 March 2022
<b>Investment in equity instruments :</b>		
<b>Unquoted equity investment carried at cost</b>		
3,766 (31 March 2022: 3,766) equity shares of AED 1000 each fully paid-up in ZIM Laboratories FZE, UAE	731.57	731.57
400,000 (31 March 2022: 400,000) equity shares of ₹ 10 each fully paid-up in ZIM Health Technologies Limited, India	40.00	40.00
80 (31 March 2022: 80) equity shares of EURO 500 each fully paid-up in SIA ZIM Laboratories Limited, Latvia	30.87	30.87
100,000 (31 March 2022: 100,000) equity shares of ₹ 10 each fully paid-up in ZIM Thinorals Private Limited, India	10.00	10.00
	<b>812.44</b>	<b>812.44</b>

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### Non-current:

#### 6A Other Investments

	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)		
<b>Investment in body corporate:</b>		
<b>Unquoted equity investment carried at fair value through profit or loss</b>		
20,000 equity shares of ₹ 25 each fully paid-up in Shamrao Vithal co-operative Bank Limited	5.00	5.00
<b>Investments in government securities</b>		
<b>Unquoted at amortised cost</b>		
National Saving Certificate	0.15	0.15
	<b>5.15</b>	<b>5.15</b>

#### 7 Other financial assets

	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)		
Earnest money and security deposit	70.33	138.05
Bank deposit with maturity more than 12 months	21.09	17.58
Bank deposit includes fixed deposits with banks ₹ 21.09 lakhs (₹ 17.58 lakhs as at 31 March 2022) marked as lien for guarantees issued by banks on behalf of the Company		
	<b>91.42</b>	<b>155.63</b>

#### 8 Income tax assets (net)

	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)		
Advance income-tax (net of provision for taxation ₹ 627.96 lakhs) (31 March 2022: ₹ Nil)	193.56	349.77
	<b>193.56</b>	<b>349.77</b>

#### 9 Other non-current assets

	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)		
(Unsecured, considered good)		
Capital advances	1,051.47	609.40
Prepaid expenses	30.62	10.31
Security deposits	96.74	66.87
	<b>1,178.83</b>	<b>686.58</b>

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### Current:

#### 10 Inventories

	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)		
Raw materials and packing materials		
Goods-in-transit	1.08	50.25
Others	3,618.70	4,087.51
Work-in-progress	588.45	1,265.94
Finished goods		
Goods-in-transit	68.68	142.37
Others	831.73	1,726.90
Stores and spares	261.98	255.45
	<b>5,370.62</b>	<b>7,528.42</b>

#### 11 Trade receivables (Unsecured, Refer note (a) and (b) below)

	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)		
Receivables from related parties (Refer note 45)	360.76	-
Trade receivables - considered good	8,475.59	8,088.84
Trade receivables - credit impaired	79.14	-
Trade receivables which have significant increase in credit risk	90.28	90.28
	<b>9,005.77</b>	<b>8,179.12</b>
Less: Loss allowance	(169.42)	(90.28)
	<b>8,836.35</b>	<b>8,088.84</b>

#### (a) Ageing of Trade receivables

	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6-12 months	1-2 years	2-3 years	More than 3 years	
(₹ in Lakhs)							
<b>As at 31 March 2023</b>							
Undisputed Trade Receivables – considered good	6,323.07	1,895.62	406.48	211.18	-	-	8,836.35
Undisputed Trade Receivables – which have significant increase in credit risk	8.20	-	21.56	15.46	-	45.06	90.28
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	79.14	-	-	-	79.14
	6,331.27	1,895.62	507.18	226.64	-	45.06	9,005.77
Less: Loss allowance	(8.20)	-	(100.70)	(15.46)	-	(45.06)	(169.42)
	<b>6,323.07</b>	<b>1,895.62</b>	<b>406.48</b>	<b>211.18</b>	<b>-</b>	<b>-</b>	<b>8,836.35</b>

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 11 Trade receivables (Contd.)

	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6-12 months	1-2 years	2-3 years	More than 3 years	
(₹ in Lakhs)							
<b>As at 31 March 2022</b>							
Undisputed Trade Receivables – considered good	4,875.01	2,722.07	397.29	94.39	0.08	-	8,088.84
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	14.96	75.32	90.28
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
	4,875.01	2,722.07	397.29	94.39	15.04	75.32	8,179.12
Less: Loss allowance	-	-	-	-	(14.96)	(75.32)	(90.28)
	<b>4,875.01</b>	<b>2,722.07</b>	<b>397.29</b>	<b>94.39</b>	<b>0.08</b>	<b>-</b>	<b>8,088.84</b>

### (b) Nature of Security

The Company had entered into an escrow agreement in 2017 (with subsequent renewals), with one of its shareholder wherein the shareholder has provided his holding to the extent of 30 Lakhs equity shares (including 25 Lakhs bonus shares) as security towards realization of certain aged trade receivables. The shares held in escrow account are proposed to be liquidated to meet the shortfall, if any, from recoveries of covered trade receivables. Accordingly, the final amount of recovery (security value) would depend on the shortfall in collections and future market value of equity shares at the time of settlement. However, till date Company has not been able to liquidate the equity shares held as security for realizing the receivables outstanding post partial recoveries against the original outstanding balance. Accordingly, the Company has conservatively written off the entire amount of aforementioned trade receivables.

The recoveries from subsequent liquidation of the equity shares held under security will be recognized in the period in which the Company disposes of the security.

No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivable are due from firms or private companies respectively in which any director is a partner, a director or a member other than those disclose in the note 45.

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

Refer note 40 for information about credit risk and market risk of trade receivables.

### Current :

### 12 Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)		
Cash on hand	8.02	13.41
Balances with banks in current accounts	102.96	40.81
	<b>110.98</b>	<b>54.22</b>

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### Current :

### 13 Bank balances other than cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)		
Unclaimed dividend accounts	19.85	25.70
Margin money deposits	89.95	129.45
Deposit includes fixed deposits with banks ₹ 89.95 lakhs (₹ 129.45 lakhs as at 31 March 2022 ) marked as lien against guarantees issued by banks on behalf of the Company		
	<b>109.80</b>	<b>155.15</b>

### 14 Loans

	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)		
(Unsecured, considered good)		
Loans to employees	4.53	2.14
	<b>4.53</b>	<b>2.14</b>
<b>Break-up of security details</b>		
Loans considered good - secured	-	-
Loans considered good - unsecured	4.53	2.14
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
<b>Total</b>	<b>4.53</b>	<b>2.14</b>
Loss allowance	-	-
<b>Total current loans</b>	<b>4.53</b>	<b>2.14</b>

### 15 Other financial assets

	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)		
(Unsecured, considered good)		
Earnest money and security deposits	6.89	21.37
<b>Interest receivable:</b>		
from Banks	0.10	1.13
Others	2.71	2.81
	<b>9.70</b>	<b>25.31</b>

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### Current :

#### 16 Other current assets

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
(Unsecured, considered good unless otherwise specified)		
<b>Advances other than capital advances</b>		
Advance to suppliers	835.66	794.89
Advance against expenses to related party (Refer note 45)	1.98	-
Balances with government authorities	1,995.97	2,451.41
Contract assets	346.28	822.60
Prepaid expenses	175.49	98.12
Gratuity- plan assets (Refer note 47)	66.69	38.55
	<b>3,422.07</b>	<b>4,205.57</b>

#### 17 Equity share capital

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
<b>Authorised</b>		
75,000,000 (31 March 2022: 25,000,000) equity shares of ₹ 10 each	7,500.00	2,500.00
<b>Issued</b>		
48,725,814 (31 March 2022: 16,241,938) equity shares of ₹ 10 each fully paid up	4,872.58	1,624.19
<b>Subscribed and Paid-Up:</b>		
48,725,814 (31 March 2022: 16,241,938) equity shares of ₹ 10 each fully paid up	4,872.58	1,624.19
	<b>4,872.58</b>	<b>1,624.19</b>

#### (a) Reconciliation of share capital:

(₹ in Lakhs)

	As at 31 March 2023		As at 31 March 2022	
	No. of Shares	₹ in lakhs	No. of Shares	₹ in lakhs
Balance as at the beginning of the year	16,241,938	1,624.19	16,241,938	1,624.19
Add: Bonus issue of shares to existing shareholders (Refer note (d) below)	32,483,876	3,248.39	-	-
<b>Balance as at the end of the year</b>	<b>48,725,814</b>	<b>4,872.58</b>	<b>16,241,938</b>	<b>1,624.19</b>

#### (b) Rights, preferences and restrictions

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 17 Equity share capital (Contd.)

#### (c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at 31 March 2023		As at 31 March 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
<b>Equity Shares:</b>				
Mathew Cyriac	10,652,700	21.86%	3,550,900	21.86%
Anwar Daud*	13,336,320	27.37%	4,445,440	27.37%
Zakir Vali	8,547,420	17.54%	2,849,140	17.54%

\* Including 1,500,000 shares jointly held with Tasneem Daud (wife of Mr. Anwar Daud).

- (d) During the current year, the Company allotted 32,483,876 equity shares of face value ₹ 10 each as fully paid up bonus shares by capitalisation of securities premium aggregating to ₹ 3,248.39 lakhs, pursuant to an ordinary resolution passed by the shareholders in the extra ordinary general meeting on 12 December 2022. The Company has issued two bonus equity shares against one equity share held by its shareholders.

#### (e) Details of shares held by promoters

Promoter Name	No. of shares at the beginning of the year	Change during the year (Refer note (d) above)	No. of shares at the end of the year	% of Total Shares	% change during the year
<b>As at 31 March 2023</b>					
Anwar Daud	4,445,440	8,890,880	13,336,320	27.37%	-
Zulfiquar Kamal	398,020	796,040	1,194,060	2.45%	-
Tasneem Daud	10,000	20,000	30,000	0.06%	-
Shabbar Daud	14,000	28,000	42,000	0.09%	-
Sabbah Kamal	500,000	1,000,000	1,500,000	3.08%	-
Hasan Kamal	34,800	69,600	104,400	0.21%	-
Zahida Kamal	400	800	1,200	0.00%	-
<b>Total</b>	<b>5,402,660</b>	<b>10,805,320</b>	<b>16,207,980</b>	<b>33.26%</b>	<b>-</b>
<b>As at 31 March 2022</b>					
Anwar Daud	4,445,440	-	4,445,440	27.37%	-
Zulfiquar Kamal	398,020	-	398,020	2.45%	-
Tasneem Daud	10,000	-	10,000	0.06%	-
Shabbar Daud	14,000	-	14,000	0.09%	-
Sabbah Kamal	500,000	-	500,000	3.08%	-
Hasan Kamal	34,800	-	34,800	0.21%	-
Zahida Kamal	400	-	400	0.00%	-
<b>Total</b>	<b>5,402,660</b>	<b>-</b>	<b>5,402,660</b>	<b>33.26%</b>	<b>-</b>

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 18 Other equity

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
Securities premium *	802.98	4,098.87
General reserve**	106.20	106.20
Retained earnings ***	13,636.06	11,181.34
<b>Total</b>	<b>14,545.24</b>	<b>15,386.41</b>
<b>* Securities premium</b>		
<b>Balance as at the beginning of the year</b>	4,098.87	4,098.87
Less: Amount utilized for issue of bonus shares (Refer note 17(d))	(3,248.39)	-
Transaction cost for issue of bonus shares	(47.50)	-
<b>Balance at the end of the year</b>	<b>802.98</b>	<b>4,098.87</b>
*Nature and Purpose - Security premium is used to record the premium on issue of shares, the reserve is utilised in accordance with the provisions of the Companies Act, 2013		
<b>** General reserve</b>		
<b>Balance as at the beginning of the year</b>	106.20	106.20
Additions during the year	-	-
Utilisation during the year	-	-
<b>Balance at the end of the year</b>	<b>106.20</b>	<b>106.20</b>
**Nature and Purpose - General reserve represents transfer portion of the net profit pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.		
<b>*** Retained earnings</b>		
<b>Balance as at the beginning of the year</b>	11,181.34	9,875.50
Net profit for the year	2,500.88	1,301.28
Transfer from other comprehensive income	(46.16)	4.56
<b>Net surplus in the Statement of Profit and Loss</b>	<b>13,636.06</b>	<b>11,181.34</b>

#### Non-current :

### 19 Borrowings

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
<b>Secured</b>		
Term Loans from banks	2,599.51	2,376.53
From Non-Banking Financial Company (NBFC)	1,053.48	1,007.41
	<b>3,652.99</b>	<b>3,383.94</b>
Less: Current maturities of long term borrowings (Refer note 22)	(1,190.54)	(1,491.60)
	<b>2,462.45</b>	<b>1,892.34</b>

#### Nature of security and terms of repayment for secured borrowings

- (i) Loan from a bank and a NBFC are secured by way of first charge on all present and future property, plant and equipment 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.

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

#### Non-current :

### 19 Borrowings (Contd.)

	As at 31 March 2023			As at 31 March 2022		
	Principal o/s (₹ in lakhs)	Effective interest rate in %	Repayment terms	Principal o/s (₹ in lakhs)	Effective interest rate in %	Repayment terms
<b>Indian rupee loan from banks</b>						
Bank of India (Repayment start from: December 2020 and last installment in June 2022)	-	1 year MCLR (7.35%)	Repayable in 18 monthly Installments of ₹ 7.97 lakhs for 6 months and ₹ 22.59 lakhs for next 12 months	45.20	1 year MCLR (7.35%)	Repayable in 18 monthly Installments of ₹ 7.97 lakhs for 6 months and ₹ 22.59 lakhs for next 12 months
Bank of India (Repayment start from: February 2022 and last installment in February 2026)	411.49	1 Year RBLR +1 % (10.35%)	Repayable in 48 equated monthly Installments of ₹ 13.52 lakhs	529.60	MCLR +1 % (8.25%)	Repayable in 48 equated monthly Installments of ₹ 13.52 lakhs
Bank of India (Repayment start from: May 2022 and last installment in May 2026)	314.87	1 Year RBLR +1 % (10.35%)	Repayable in 48 equated monthly Installments of ₹ 9.58 lakhs	390.00	MCLR +1 % (8.35%)	Repayable in 48 equated monthly Installments of ₹ 9.58 lakhs
Bank of India (Repayment start from: November 2023 and last installment in November 2027)	278.69	1 Year RBLR +1 % (10.35%)	Repayable in 48 equated monthly Installments of ₹ 6.79 lakhs	279.00	RBLR +1 % (7.85%)	Repayable in 48 equated monthly Installments of ₹ 6.79 lakhs
Bank of India (Repayment start from: January 2023 and last installment in April 2025)	771.61	1 Year RBLR +0.55 % (9.90%)	Repayable in 28 equated monthly Installments of ₹ 27.78 lakhs	-	-	-
SVC Co-Operative Bank Limited, (Repayment start from: January 2021 and last installment in January 2024)	277.91	PLR minus 10.55% (9.90%)	Repayable in 36 equated monthly Installments of ₹ 29.27 lakhs	582.74	PLR minus 7.55% (10.50%)	Repayable in 36 equated monthly Installments of ₹ 29.27 lakhs
SVC Co-Operative Bank Limited, (Repayment start from: January 2024 and last installment in January 2028)	549.99	PLR minus 11.20% (9.25%)	Repayable in 48 equated monthly Installments of ₹ 11.46 lakhs	549.99	PLR minus 9.80% (8.25%)	Repayable in 48 equated monthly Installments of ₹ 11.46 lakhs
<b>Indian rupee loan from Non-Banking Financial Company (NBFC)</b>						
Tata Capital Financial Services Limited (Repayment start from: August 2021 and last installment in April 2023)	78.32	LTLR minus 9.00% (12.30%)	Repayable in 19 equated monthly Installments of ₹ 78.32 lakhs	1,018.12	LTLR minus 9.00% (10.25%)	Repayable in 19 equated monthly Installments of ₹ 78.32 lakhs
Tata Capital Financial Services Limited (Repayment start from: March 2023 and last installment in February 2028)	500.00	LTLR minus 10.80% (10.50%)	Repayable in 60 equated monthly Installments of ₹ 16.66 lakhs	-	-	-
Tata Capital Financial Services Limited (Repayment start from: March 2023 and last installment in August 2025)	500.00	LTLR minus 10.80% (10.50%)	Repayable in 30 equated monthly Installments of ₹ 16.66 lakhs	-	-	-
Deferred expense towards processing fees is netted of against loan.	(29.89)			(10.71)		
	<b>3,652.99</b>			<b>3,383.94</b>		

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### Non-current :

#### 19 Borrowings (Contd.)

##### Assets Pledged as security

The gross carrying amounts of assets Pledged as security for current and non-current borrowings are:

	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)		
Non-current assets		
- Property, plant and equipment (including leasehold land but excluding other right to use assets)	16,817.31	15,753.36
Current assets	17,864.05	20,059.65
<b>Total assets Pledged as security</b>	<b>34,681.36</b>	<b>35,813.01</b>

#### 20 Other non-current assets

	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)		
Lease liabilities (Refer note 43)	101.78	72.23
	<b>101.78</b>	<b>72.23</b>

#### 21 Deferred tax liabilities (net)

The movement in deferred tax assets and liabilities during the year ended 31 March 2022 and 31 March 2023:

Movement during the year ended 31 March 2023	As at 1 April 2022	(Credit)/charge in statement of profit and loss	(Credit)/ charge in other comprehensive income	As at 31 March 2023
(₹ in Lakhs)				
<b>Deferred tax liabilities</b>				
Property, plant and equipment: Difference between carrying value as per Income Tax laws and carrying value as per books of account under Companies Act, 2013	951.49	(50.85)	-	900.64
Advance payment of employee benefits	-	21.07	(18.97)	2.10
	<b>951.49</b>	<b>(29.78)</b>	<b>(18.97)</b>	<b>902.74</b>
<b>Deferred tax assets</b>				
Expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	23.97	5.66	-	29.63
Loss allowance - trade receivables	26.29	23.04	-	49.33
Provision for employee benefits	9.65	(9.65)	-	-
Lease payments	13.63	(0.23)	-	13.40
	<b>73.54</b>	<b>18.82</b>	<b>-</b>	<b>92.36</b>
<b>Minimum alternative tax credit entitlement / (utilisation)</b>	841.62	(511.56)	-	330.06
<b>Net Deferred tax (assets) / liabilities</b>	<b>36.33</b>	<b>462.96</b>	<b>(18.97)</b>	<b>480.32</b>

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### Non-current :

#### 21 Deferred tax liabilities (net) (Contd.)

Movement during the year ended 31 March 2022	As at 1 April 2021	(Credit)/charge in statement of profit and loss	(Credit)/ charge in other comprehensive income	As at 31 March 2022
(₹ in Lakhs)				
<b>Deferred tax liabilities</b>				
Property, plant and equipment: Difference between carrying value as per Income Tax laws and carrying value as per books of account under Companies Act, 2013	892.13	59.36	-	951.49
Advance payment of employee benefits	-	-	-	-
	<b>892.13</b>	<b>59.36</b>	<b>-</b>	<b>951.49</b>
<b>Deferred tax assets</b>				
Expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	14.66	9.31	-	23.97
Loss allowance - trade receivables	26.29	-	-	26.29
Carry forward business losses/unabsorbed depreciation	50.08	(50.08)	-	-
Provision for employee benefits	40.88	(29.35)	(1.88)	9.65
Lease payments	4.16	9.47	-	13.63
	<b>136.07</b>	<b>(60.65)</b>	<b>(1.88)</b>	<b>73.54</b>
<b>Minimum alternative tax credit entitlement / (utilisation)</b>	1,009.97	(168.35)	-	841.62
<b>Net Deferred tax (assets) / liabilities</b>	<b>(253.91)</b>	<b>288.36</b>	<b>1.88</b>	<b>36.33</b>

### Current :

#### 22 Borrowings

	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)		
<b>Secured</b>		
<b>From Banks, repayable on demand</b>		
- Cash credit / packing credit	2,288.03	1,734.45
Current maturities of long term borrowings	1,190.54	1,491.60
Interest accrued but not due on borrowings	15.79	12.35
	<b>3,494.36</b>	<b>3,238.40</b>

Cash credit/ packing credit from banks are secured by the first charge on all current assets both present and future and second charge on all the property, plant and equipment of the Company both present and future on pari pasu basis with all members of consortium. The loans are secured by personal guarantee of Managing Director.

#### 23 Lease liabilities

	As at 31 March 2023	As at 31 March 2022
(₹ in Lakhs)		
Lease liabilities (Refer note 43)	157.22	140.74
	<b>157.22</b>	<b>140.74</b>

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### Current :

#### 24 Trade payables

	As at 31 March 2023	As at 31 March 2022
Dues of micro enterprises and small enterprises (Refer note below)	232.97	191.80
Payables to related parties (Refer note 45)	125.25	93.99
Dues of creditors other than micro enterprises and small enterprises	5,569.87	7,903.89
	<b>5,928.09</b>	<b>8,189.68</b>
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	232.97	191.80
- Interest due on above	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium 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, Small and Medium Enterprise Development Act, 2006.	-	-
d. the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	-	-

**Note:-** This information has been given in respect of such vendors to the extent they could be identified as Micro and Small enterprises on the basis of information available with the Company.

#### Ageing of Trade payables

	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31 March 2023</b>					
Total outstanding dues of micro enterprises and small enterprises	232.97	-	-	-	232.97
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,087.10	551.83	54.32	1.87	5,695.12
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
	<b>5,320.07</b>	<b>551.83</b>	<b>54.32</b>	<b>1.87</b>	<b>5,928.09</b>

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### Current :

#### 24 Trade payables (Contd.)

	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31 March 2022</b>					
Total outstanding dues of micro enterprises and small enterprises	191.80	-	-	-	191.80
Total outstanding dues of creditors other than micro enterprises and small enterprises	7,723.44	194.08	55.52	24.84	7,997.88
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
	<b>7,915.24</b>	<b>194.08</b>	<b>55.52</b>	<b>24.84</b>	<b>8,189.68</b>

#### 25 Other financial liabilities

	As at 31 March 2023	As at 31 March 2022
Un-claimed dividends*	19.85	25.70
Employee related liabilities	492.29	264.78
Payable for capital expenditure	263.90	114.41
	<b>776.04</b>	<b>404.89</b>

\*During the previous year there was delay in transferring unpaid dividend amount of ₹ 5.61 lakhs (pertaining to FY 2013-14) to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013. The aforesaid unpaid dividend could not be transferred due to administrative issues faced by the bankers of the Company. However, unpaid dividends as mentioned above have been transferred to the Investor Education and Protection fund during the current year.

#### 26 Other current liabilities

	As at 31 March 2023	As at 31 March 2022
Advance received from customers (Refer note 45)	409.07	2,098.39
Statutory dues	163.40	135.61
Deferred Government grants	36.56	44.76
	<b>609.03</b>	<b>2,278.76</b>

#### 27 Provisions

	As at 31 March 2023	As at 31 March 2022
<b>Provision for employee benefits</b>		
Provision for compensated absences	59.49	71.68
	<b>59.49</b>	<b>71.68</b>



## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### Current :

#### 28 Current tax liabilities (net)

Nature of segment	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
<b>Current tax liabilities (net)</b>		
Provision for tax (net of advance tax ₹ Nil) (31 March 2022 ₹ 145.75 lakhs)	-	206.56
	-	<b>206.56</b>

#### 29 Revenue from operations

Nature of segment	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Sale of products		
Manufactured goods	36,236.64	31,470.17
Stock in trade	2,436.66	961.07
Other operating revenue		
Out-licensing income	521.72	218.58
Export incentives	427.46	269.88
Others	30.65	29.67
	<b>39,653.13</b>	<b>32,949.37</b>

#### Disclosure as per Ind AS 115

A The operations of the Company are limited to only one segment viz. pharmaceuticals and related products. Revenue from contract with customers is from sale of manufactured goods and rendering of research services. Sale of goods are made at a point in time and revenue is recognised upon satisfaction of the performance obligations which is typically upon dispatch / delivery. The Company has a credit evaluation policy based on which the credit limits for the trade receivables are established. There is no significant financing component as the credit period provided by the Company is not significant.

There are no variable components such as discounts, chargebacks, rebates, sales returns etc

#### B Disaggregation of revenue:

Nature of segment	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>A. Major Product/Service line:</b>		
- Sale of pharmaceutical goods	38,673.30	32,431.24
- Out-licensing income	521.72	218.58
- Others ( Export incentives, others, etc.)	458.11	299.55
<b>Total revenue from contracts with customers</b>	<b>39,653.13</b>	<b>32,949.37</b>
<b>B. Primary geographical market:</b>		
- In India	6,033.78	6,329.69
- Outside India	33,619.35	26,619.68
<b>Total revenue from contracts with customers</b>	<b>39,653.13</b>	<b>32,949.37</b>
<b>C. Timing of the revenue recognition:</b>		
- Goods/services transferred at a point in time	39,653.13	32,949.37
- Goods/services transferred over time	-	-
<b>Total revenue from contracts with customers</b>	<b>39,653.13</b>	<b>32,949.37</b>

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 29 Revenue from operations (Contd.)

#### C Contract Balances

Significant changes in contract asset balances are as follows:

Nature of segment	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>Contract Assets</b>		
Opening Balance	822.60	940.35
Add: Revenue recognised during the year	-	-
Less: Invoiced during the year	476.32	117.75
<b>Closing balance</b>	<b>346.28</b>	<b>822.60</b>

Contract assets are initially recognised for Product development service income.

#### D Outstanding service obligation regarding product development contracts

The Company has entered into contracts pertaining to product development projects. The outstanding service obligations pertaining to these contracts aggregates ₹ Nil ( 31 March 2022 : Nil) as at year end.

### 30 Other income

Nature of segment	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>Interest income on financial assets measured at amortised cost</b>		
- Fixed deposits	6.82	17.28
- Others	26.30	11.15
Dividend income on investments	0.60	0.60
Exchange rate difference (net)	557.18	395.74
Apportioned income from government grant	8.20	8.20
Other non-operating income	43.96	17.65
<b>Closing balance</b>	<b>643.06</b>	<b>450.62</b>

### 31 Cost of materials consumed

Nature of segment	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Opening inventory	4,137.77	3,058.52
Add: Purchases	17,719.49	18,080.86
Less: Closing inventory	3,619.78	4,137.76
	<b>18,237.48</b>	<b>17,001.62</b>
Less: Cost of material sold	1,739.16	940.64
	<b>16,498.32</b>	<b>16,060.98</b>

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 32 Purchase of stock in trade

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Details of purchases of traded goods		-
Tablets	1.23	-
Capsules	11.27	3.17
Bulk Drugs	384.05	692.08
DC Granules	1,050.83	-
Others	291.78	245.39
	<b>1,739.16</b>	<b>940.64</b>

### 33 Changes in inventories of finished goods and work-in-progress

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>At the end of the year</b>		
Work-in-progress	588.45	1,265.94
Finished goods	900.41	1,869.27
	<b>1,488.86</b>	<b>3,135.21</b>
<b>At the beginning of the year</b>		
Work-in-progress	1,265.94	1,073.59
Finished goods	1,869.27	1,094.72
	<b>3,135.21</b>	<b>2,168.31</b>
	<b>1,646.35</b>	<b>(966.90)</b>

### 34 Employee benefits expense

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Salaries, wages and bonus	4,292.11	3,519.92
Contribution to provident and other funds (Refer note 46(A) and 47(a))	148.09	122.47
Gratuity expense (Refer note 47)	51.04	57.87
Staff welfare expenses	155.76	163.02
	<b>4,647.00</b>	<b>3,863.28</b>

### 35 Finance costs

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Interest on NCD's	-	113.77
Interest on other borrowings	477.10	591.19
Interest on delayed payment of income tax	19.92	11.97
Other borrowing costs	60.52	113.69
	<b>557.54</b>	<b>830.62</b>

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 36 Depreciation and amortisation expense

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation and amortisation on property, plant and equipment	1,345.33	1,288.98
Amortisation of intangible assets	267.50	194.76
	<b>1,612.83</b>	<b>1,483.74</b>

### 37 Other expenses

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Consumption of stores and spares	109.76	89.67
Power and fuel	1,096.24	901.69
Water charges	12.66	12.25
Insurance	41.96	38.33
Repairs and maintenance		
Machines	425.87	364.66
Buildings	173.80	81.73
Others	239.31	219.14
Contractual services	1,780.76	1,620.89
Printing & stationery	37.20	37.44
Communication costs	44.30	43.88
Legal and professional fees	1,367.16	1,189.69
Payment to auditors (Refer note below (a))	56.88	51.19
Advertisement & sales promotion	188.31	73.64
Travelling and conveyance	491.56	275.55
Commission on sales	1,712.94	1,823.08
Freight and forwarding charges	881.44	1,322.77
Loss allowance - trade receivables	79.14	-
Rates and taxes	84.23	22.14
Property, plant and equipment written off	65.97	0.30
Rent (Refer note 43)	10.49	39.55
Laboratories Expenses	653.01	526.76
Corporate social responsibility expenses (Refer note 51)	17.98	20.62
Miscellaneous expenses	432.22	503.00
	<b>10,003.19</b>	<b>9,257.97</b>

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>Note</b>		
<b>Auditors' Remuneration (excluding taxes)</b>		
As Auditors	51.00	48.00
Other Services	5.20	2.10
Out of Pocket Expenses	0.68	1.09
	<b>56.88</b>	<b>51.19</b>

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 38 Tax (expense) / credit

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Current tax for the year (net of Minimum alternative tax credit entitlement/utilisation ₹ 511.56 lakhs) (31 March 2022: ₹ 168.35 lakhs)	(627.96)	(340.37)
Tax adjustments pertaining to earlier years	-	0.35
Deferred tax expenses		
(Decrease) in deferred tax assets	(492.74)	(230.88)
(Increase) / decrease in deferred tax liabilities	48.75	(59.36)
	<b>(443.99)</b>	<b>(290.24)</b>
	<b>(1,071.95)</b>	<b>(630.26)</b>
Tax (expense) / credit recognised in Statement of profit and loss	(1,090.92)	(628.38)
Tax (expense) / credit recognised in other comprehensive income	18.97	(1.88)
	<b>(1,071.95)</b>	<b>(630.26)</b>
<b>Tax reconciliation</b>		
<b>Profit before tax</b>	<b>3,591.80</b>	<b>1,929.66</b>
Tax at the rate of 29.12% (31 March 2022 29.12%)	(1,045.93)	(561.92)
Tax adjustment pertaining to earlier years	-	0.35
Tax effect of amounts which are not deductible / taxable		
Permanent Disallowances	(19.64)	(3.49)
Allowances / Disallowances under specific provisions of Income tax act, 1961 (net)	12.35	(37.81)
Disallowance of Donation/Corporate social responsibility expenses	(11.31)	(8.34)
Other tax deductions	(26.39)	(17.17)
	<b>(1,090.92)</b>	<b>(628.38)</b>

### 39 Fair value measurements

#### Financial instruments by category:

All financial assets and financial liabilities, except investment in equity shares (not made in subsidiaries) of the Company are under the amortised cost measurement category at each of the reporting date.

#### Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received on selling of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique.

**Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities.

**Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

**Level 3:** techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 39 Fair value measurements (Contd.)

#### Financial assets and liabilities measured at fair value at each reporting date

Investment in equity shares (other than subsidiaries) are measured at fair value through profit and loss at each reporting date. Since the valuation involves use of observable input, valuation is considered as Level 2

#### Financial assets and financial liabilities measured at amortised cost, but for which fair values are disclosed as below:

Fair value for assets and liabilities measured at amortised cost	31 March 2023				31 March 2022			
	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3	Carrying amount
<b>Financial liabilities</b>								
Borrowings (other than short term borrowings)	-	3,652.99	-	3,652.99	-	3,383.94	-	3,383.94
Lease liabilities (other than current portion)	-	101.78	-	101.78	-	72.23	-	72.23

During the periods mentioned above, there have been no transfers amongst the levels of hierarchy.

The carrying amounts of security deposits, trade receivables, current loans, other financial assets, fixed deposits with banks, current borrowings, trade payables, lease liabilities and other current financial liabilities are considered to be approximately equal to their fair value.

The fair values computed above for assets measured at amortised cost are based on discounted cash flows using a current market interest rate. They are classified as level 2 fair values in the fair value hierarchy due to the use of observable inputs

#### Valuation processes

The Company evaluates the fair value of financial assets and financial liabilities on periodic basis using the best and most relevant data available. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

### 40 Financial risk management

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Risk Committee.

#### The Company is exposed to market risk, credit risk and liquidity risk.

#### A Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommend risk management objectives and policies, which are approved by Chief financial officer. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures like foreign exchange forward contracts, borrowing strategies and ensuring compliance with market risk limits and policies.

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 40 Financial risk management (Contd.)

#### Market risk - Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

According to the Company, interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

#### Exposure to interest rate risk

Particulars	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
Total Borrowings	5,956.81	5,130.74
% of Borrowings out of above bearing variable rate of interest	100%	100%

#### Interest rate sensitivity

##### A change of 50 bps in interest rates would have following impact on profit before tax

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
50 bp increase would decrease the profit before tax by	(29.78)	(25.65)
50 bp decrease would increase the profit before tax by	29.78	25.65

#### Market risk - Foreign currency risk management

The Company operates internationally wherein portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

#### Unhedged foreign currency exposure

##### (a) Particulars of unhedged foreign currency exposures as at the reporting date

As at 31 March 2023

Particulars	USD		EURO		AED	
	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade receivable	88.73	7,291.32	4.43	396.51	-	-
Trade payables	6.08	499.84	0.18	16.48	-	-
Advance received from customers	3.72	306.89	0.76	66.65	0.02	0.43
Balance in EEFC Account	0.73	60.14	0.23	20.86	-	-
PCFC and PFCFC	14.95	1,228.60	-	-	-	-
Export commission	11.02	905.25	0.76	67.65	-	-

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 40 Financial risk management (Contd.)

As at 31 March 2022

Particulars	USD		EURO		AED	
	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade receivable	72.31	5,480.79	3.92	330.42	-	-
Trade payables	4.55	344.91	-	-	-	-
Advance received from customers	18.34	1,381.06	-	-	28.54	578.59
Balance in EEFC Account	-	0.02	-	-	-	-
PCFC and PFCFC	14.34	1,086.70	-	-	-	-
Export commission	21.47	1,627.59	0.01	0.54	-	-

#### Sensitivity to foreign currency risk

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>USD sensitivity</b>		
INR / USD		
Increase by 5%	220.54	52.03
Decrease by 5%	(220.54)	(52.03)
<b>Euro sensitivity</b>		
INR / Euro		
Increase by 5%	13.33	16.49
Decrease by 5%	(13.33)	(16.49)
<b>AED sensitivity</b>		
INR / AED		
Increase by 5%	(0.02)	(28.93)
Decrease by 5%	0.02	28.93

### B Credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- Actual or expected significant adverse changes in business,
- Actual or expected significant changes in the operating results of the counterparty,
- Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- Significant increase in credit risk on other financial instruments of the same counterparty,
- Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 40 Financial risk management (Contd.)

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the statement of profit and loss.

#### Credit risk management

To manage credit risk, the Company periodically assesses the financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. There is no significant concentration of credit risk.

Bank balances are held with only high rated banks and majority of security deposits are placed majorly with government agencies. Trade receivables are generally recovered within the credit period. The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

#### Ageing of Trade receivables

	(₹ in Lakhs)					
	Not due	0-12 months	1-2 years	2-3 years	more than 3 years	Total
<b>As at 31 March 2023</b>						
Gross Carrying amount of - trade receivables	6,331.27	2,402.80	226.64	-	45.06	9,005.77
Gross Carrying amount of - contract assets	346.28	-	-	-	-	346.28
Expected credit loss - trade receivables (%)	0.13%	0.90%	6.82%	0.00%	100.00%	
Expected credit loss - trade receivables	8.20	21.56	15.46	-	45.06	90.28
Expected credit impaired - trade receivables	-	79.14	-	-	-	79.14
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>6,323.07</b>	<b>2,302.10</b>	<b>211.18</b>	<b>-</b>	<b>-</b>	<b>8,836.35</b>
<b>Carrying amount of contract assets (net of impairment)</b>	<b>346.28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>346.28</b>
<b>As at 31 March 2022</b>						
Gross Carrying amount of - trade receivables	4,875.01	3,119.36	94.39	15.04	75.32	8,179.12
Gross Carrying amount of - contract assets	822.60	-	-	-	-	822.60
Expected credit loss - trade receivables (%)	0.00%	0.00%	0.00%	99.47%	100.00%	
Expected credit loss - trade receivables	-	-	-	14.96	75.32	90.28
Expected credit impaired - trade receivables	-	-	-	-	-	-
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>4,875.01</b>	<b>3,119.36</b>	<b>94.39</b>	<b>0.08</b>	<b>-</b>	<b>8,088.84</b>
<b>Carrying amount of contract assets (net of impairment)</b>	<b>822.60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>822.60</b>

Financial Assets are considered to be of good quality and there is no significant increase in credit risk.

#### Reconciliation of loss allowance of trade receivables

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
<b>Balance at the beginning of the year</b>	<b>90.28</b>	<b>90.28</b>
Additions	79.14	-
<b>Balance at the end of the year</b>	<b>169.42</b>	<b>90.28</b>

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 40 Financial risk management (Contd.)

#### C Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities – borrowings, trade payables, lease liabilities and other financial liabilities.

#### Liquidity risk management

The Company's corporate treasury department is responsible for liquidity and funding as well as settlement management. The processes and policies related to such risks are overseen by Chief financial officer. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

#### Maturities of non – derivative financial liabilities

As at 31 March 2023

	(₹ in Lakhs)			
Particulars	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
Non-current borrowings (including current maturities)	1,190.54	2,462.45	-	3,652.99
Current borrowings	2,288.03	-	-	2,288.03
Interest accrued but not due on borrowings	15.79	-	-	15.79
Trade payables	5,928.09	-	-	5,928.09
Lease liabilities	157.22	101.78	-	259.00
Other current financial liabilities	776.04	-	-	776.04
<b>Total</b>	<b>10,355.71</b>	<b>2,564.23</b>	<b>-</b>	<b>12,919.94</b>

As at 31 March 2022

	(₹ in Lakhs)			
Particulars	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
Non-current borrowings (including current maturities)	1,491.60	1,892.34	-	3,383.94
Current borrowings	1,734.45	-	-	1,734.45
Interest accrued but not due on borrowings	12.35	-	-	12.35
Trade payables	8,189.68	-	-	8,189.68
Lease liabilities	140.74	72.23	-	212.97
Other current financial liabilities	404.89	-	-	404.89
<b>Total</b>	<b>11,973.71</b>	<b>1,964.57</b>	<b>-</b>	<b>13,938.28</b>

### 41 Capital management

#### Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 41 Capital management (Contd.)

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
The capital composition is as follows:		
Net debt <sup>#</sup>	5,845.83	5,076.52
Total equity	19,417.82	17,010.60
<b>Net debt to equity ratio</b>	<b>30%</b>	<b>30%</b>

# includes non-current borrowings, current borrowings, current maturities of non-current borrowings and interest accrued but not due on borrowings (net of cash and cash equivalents)

### 42 Net debt reconciliation

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
Cash and cash equivalents	110.98	54.22
Non-current borrowings	(3,652.99)	(3,383.94)
Current borrowings	(2,288.03)	(1,734.45)
Interest accrued but not due on borrowings	(15.79)	(12.35)
<b>Net debt</b>	<b>(5,845.83)</b>	<b>(5,076.52)</b>

	(₹ in Lakhs)				
	Cash and cash equivalents	Non-current borrowings	Current borrowings	Interest accrued but not due on borrowings	Total
<b>Net as at 01 April 2021</b>	<b>90.39</b>	<b>(3,647.00)</b>	<b>(4,460.00)</b>	<b>(9.24)</b>	<b>(8,025.85)</b>
Cash flows (net)	(36.17)	285.99	2,737.85	-	2,987.67
IND AS adjustments	-	(22.93)	-	4.60	(18.33)
Foreign exchange adjustments	-	-	(12.30)	-	(12.30)
Finance cost expense	-	-	-	(800.35)	(800.35)
Finance cost paid	-	-	-	792.64	792.64
<b>Net as at 31 March 2022</b>	<b>54.22</b>	<b>(3,383.94)</b>	<b>(1,734.45)</b>	<b>(12.35)</b>	<b>(5,076.52)</b>
Cash flows (net)	56.76	(288.22)	(559.16)	-	(790.62)
IND AS adjustments	-	19.17	-	(33.63)	(14.46)
Foreign exchange adjustments	-	-	5.58	-	5.58
Finance cost expense	-	-	-	(523.16)	(523.16)
Finance cost paid	-	-	-	553.35	553.35
<b>Net as at 31 March 2023</b>	<b>110.98</b>	<b>(3,652.99)</b>	<b>(2,288.03)</b>	<b>(15.79)</b>	<b>(5,845.83)</b>

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 43 Leases

	(₹ in Lakhs)	
Particulars	As at 31 March 2023	As at 31 March 2022
<b>The Balance sheet discloses the following amounts relating to leases:</b>		
Leasehold Land*	623.69	633.64
<b>Other Right to use Assets</b>		
Buildings	76.24	2.78
Plant and equipment	198.85	246.26
	<b>898.78</b>	<b>882.68</b>
<b>Lease liabilities</b>		
Current	157.22	140.74
Non-current	101.78	72.23
	<b>259.00</b>	<b>212.97</b>

\* There are no lease liabilities in respect of the leasehold land as the entire amount has been paid upfront on the date of the execution of the lease agreement with respective authorities.

	(₹ in Lakhs)	
Amounts recognised in statement of profit and loss	Year ended 31 March 2023	Year ended 31 March 2022
<b>Depreciation charge on</b>		
Leasehold Land	9.95	5.70
Other Right to use Assets		
Buildings	18.40	8.28
Plant and equipment	227.67	209.94
	<b>256.02</b>	<b>223.92</b>
Interest expense included in finance cost	34.38	30.27
Expense relating to short-term leases	10.49	39.55
Expense relating to leases of low-value assets that are not shown above as short-term leases	-	-
Expense relating to variable lease payments not included in lease liability	-	-
Total cash outflow for leases during current financial year (excluding short term leases)	191.97	122.58
Additions to the right of use assets during the current financial year	272.12	300.76

### 44 Research and development expenditure

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Revenue expenditure charged to Statement of Profit and Loss (under notes 34, 36 and 37)	1,873.83	1,687.48
Capital Expenditure (under notes 3 and 4)	200.34	571.48
	<b>2,074.17</b>	<b>2,258.96</b>

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 45 Related Party Disclosures

As per Ind AS 24 "Related Party Disclosures", disclosure of transactions with the related parties as defined in the Indian Accounting Standard are given below:

#### A. List of related parties and relationship (to the extent where transactions have taken place and relationship of control) :

##### (i) Subsidiaries

ZIM Health Technologies Limited, India	Wholly Owned Subsidiary Company
SIA ZIM Laboratories Limited, Latvia	Wholly Owned Subsidiary Company
ZIM Laboratories FZE,UAE	Wholly Owned Subsidiary Company
ZIM Thinorals Private Limited, India (w.e.f. 18 May 2021)	Wholly Owned Subsidiary Company

##### (ii) Key Managerial Personnel:

	Nature of relationship
Dr. Anwar S. Daud	Managing Director and shareholder with significant influence
Mr. Zulfiquar Kamal	Director (Finance)
Mr. Riaz A. Kamal (upto 30 June 2021)	Executive Director
Mr. Niraj Dhadiwal	Executive Director
Mr. Prakash Sapkal	Executive Director
Dr. Naresh Gaikwad (upto 31 March 2022)	Independent Director
Dr. V.V. Parashar (upto 31 March 2022)	Independent Director
Mr. Suprakash. Chakravarty (upto 31 March 2022)	Independent Director
Mr. Padmakar Joshi	Independent Director
Mrs. Kavita Loya	Independent Director
Dr. Kamlesh Shende (w.e.f. 1 April 2022)	Independent Director
Dr. Kakasaheb Mahadik (w.e.f. 1 April 2022)	Independent Director
Mr. Piyush Nikhade	Company Secretary
Mr. Shyam Mohan Patro	Chief Financial Officer

##### (iii) Other relatives:

Mrs. Sabbah Kamal	Wife of Director (Finance)
Dr. Nidhi Sapkal (upto 31 July 2021)	Wife of Executive Director (Mr. Prakash Sapkal)

##### (iv) Other significant influences

A Development Capital India Fund 1, LLC (upto 21 June 2021)	Investor exercising significant influence
Elizabeth Mathew (w.e.f. 21 June 2021 upto 23 March 2022)	Shareholder exercising significant influence
Mathew Cyriac (w.e.f. 23 March 2022)	Shareholder exercising significant influence

#### B. Nature of transactions:

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>1) Remuneration</b>		
Dr. Anwar S. Daud	151.00	120.00
Mr. Riaz A. Kamal*	-	50.38
Mr. Zulfiquar Kamal	106.50	82.50
Mr. Niraj Dhadiwal	87.50	75.00

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 45 Related Party Disclosures (Contd.)

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Mr. Prakash Sapkal	87.50	74.00
Mr. Piyush Nikhade	28.69	24.15
Mr. Shyam Mohan Patro	73.79	70.85
<b>2) Director's fees</b>		
Dr.Naresh Gaikwad	-	1.00
Dr. V.V. Parashar	-	1.00
Mr. Suprakash. Chakravarty	-	1.00
Mr. Padmakar Joshi	7.00	1.00
Mrs. Kavita Loya	9.00	6.00
Dr. Kamlesh Shende	7.00	-
Dr. Kakasaheb Mahadik	7.00	-
<b>3) Professional fees</b>		
Dr. Nidhi Sapkal	-	8.00
ZIM Health Technologies Limited, India	256.02	202.00
<b>4) Rent paid</b>		
Dr. Anwar S. Daud	11.04	11.04
Mrs. Sabbah Kamal	2.40	2.40
<b>5) Sales</b>		
ZIM Laboratories FZE,UAE	3,421.48	3,428.13
<b>6) Investment (in equity shares)</b>		
ZIM Thinorals Private Limited,India	-	10.00

#### C. Balances outstanding at year end (#)

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
<b>Advance for expenses to Key Managerial Personnel</b>		
Mr. Prakash Sapkal	1.98	-
<b>Payable to Key Managerial Personnel</b>		
Dr. Anwar S. Daud	4.71	5.79
Mr. Zulfiquar Kamal	5.33	4.51
Mr. Niraj Dhadiwal	2.32	3.42
Mr. Prakash Sapkal	2.15	2.84
Mr. Piyush Nikhade	1.72	1.37
Mr. Shyam Mohan Patro	3.74	3.78
<b>Trade payable</b>		
Dr. Anwar S. Daud	2.48	5.80
Mrs. Sabbah Kamal	0.44	0.71
Dr. Kamlesh Shende	1.58	-
Dr. Kakasaheb Mahadik	1.58	-
Mr. Padmakar Joshi	1.58	-
Mrs. Kavita Loya	2.03	-
ZIM Health Technologies Limited, India	115.56	87.48

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 45 Related Party Disclosures (Contd.)

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
<b>Advance received from customers</b>		
ZIM Laboratories FZE,UAE	-	521.64
<b>Trade receivables</b>		
ZIM Laboratories FZE,UAE	360.76	-
<b>Executive Directors' compensation</b>		
a) Short- term employee benefits	432.07	357.07
b) Post- employment benefits	0.43	44.81
<b>Total compensation **</b>	<b>432.50</b>	<b>401.88</b>

\* The remuneration during the previous year includes post employment benefits of ₹ 44.38 lakhs.

\*\* The remuneration to Key management personnel does not include provision for employee benefits determined on actuarial basis.

# Equity investments by the Company and equity infusion into the Company are not considered for disclosure as these are not considered "outstanding" exposures". Refer notes 6 and 17 for the same.

All the transactions stated above with related parties are on arm's length basis.

All borrowings are guaranteed by the managing director of the Company (Refer notes 19 and 22).

### 46 Contingent liabilities and commitments

#### (A) Contingent liabilities

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
Income Tax Assessments for earlier years, pending in appeal	551.42	551.42
Gram Panchayat Tax	15.43	13.70
Duty saved considering export obligation to be fulfilled subsequent to the reporting date, within the period allowed under the Advance License scheme	100.30	133.08

#### Notes:

- The Company does not expect any reimbursement in respect of the above contingent liabilities.
- It is not practical to estimate the timing of cash outflows, if any, in respect of matters above, pending resolution/completion of the appellate proceedings/other proceedings, as applicable.

#### Other matter

The Honourable Supreme Court, had passed a judgement on 28 February 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The management, based on legal advice, is of the view that the applicability of the judgement to the Company, with respect to the period and the nature of allowances to be covered due to interpretative challenges, and resultant impact on the past provident fund liability, cannot be reasonably ascertained.

#### (B) Commitments

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
Estimated value of contracts in capital account remaining to be executed (net of capital advance)	2,487.04	93.09

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 47 Employee benefits

As per Indian Accounting Standard-19, 'Employee Benefits', the disclosure of Employee benefits as defined in the Standard are given below:

#### (a) Defined Contribution Plan:

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Employer's Contribution to Provident fund	125.00	115.85
Employer's Contribution to ESIC	6.72	6.30
Employer's Contribution to Labour welfare fund	0.35	0.32
Employer's Contribution to Pension fund	16.02	-

#### (b) Defined Benefits Plan :

##### 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.

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Mortality Table	Indian Assured Lives Mortality (2012-14) Urban	Indian Assured Lives Mortality (2012-14) Urban
Discount rate	7.39%	6.84%
Salary growth rate	5.00%	5.00%
Withdrawal rate	12.00%	12.00%
Expected rate & return on Plan assets	7.39%	6.84%
<b>Changes in the Fair value of Plan Assets</b>		
Present Value of Plan Assets at the beginning of the year	700.07	575.40
Investment Income	47.88	37.34
Employer's Contribution	112.61	96.94
Benefits Paid	-	(9.38)
Actuarial adjustment: Return on plan assets, excluding amount recognised in net interest expense	(1.81)	(0.23)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>858.75</b>	<b>700.07</b>
<b>Changes in the Present Value of Obligation</b>		
Present Value of Obligation at the beginning of the year	661.52	651.49
Current Service Cost	53.68	52.93
Interest Expenses or Cost	45.24	42.28



## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 47 Employee benefits (Contd.)

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in the demographic assumptions	-	(0.26)
- change in the financial assumptions	(20.38)	(11.27)
- experience variance (i.e. Actual experience v/s assumptions)	83.70	4.86
Past Service Cost	-	-
Benefits Paid	(31.70)	(78.51)
<b>Present Value of Obligation at the end of the year</b>	<b>792.06</b>	<b>661.52</b>

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
<b>Amount recognised in the Balance Sheet</b>		
Present Value of Obligation at the end of the year	792.06	661.52
Fair Value of Plan Assets at the end of the year	(858.75)	(700.07)
<b>Net (Asset) recognised at the end of the year</b>	<b>(66.69)</b>	<b>(38.55)</b>
<b>Percentage of each category of plan assets to total fair value of plan assets as at year end:</b>		
Administered by Life Insurance Corporation of India	792.06	661.52

	(₹ in Lakhs)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>Expenses recognised in the Statement of Profit and Loss</b>		
Current service cost	53.68	52.93
Past service cost	-	-
Loss / (Gain) on settlement	-	-
Net Interest cost / (income) on the Net Defined Benefit Liability / (Asset)	(2.64)	4.94
<b>Total expenses recognised in the Statement of Profit and Loss</b>	<b>51.04</b>	<b>57.87</b>
<b>Actuarial (gain) / loss</b>		
Actuarial (gain) / loss on Obligation for the period	63.32	(6.67)
Return on Plan Assets, excluding interest income	1.81	0.23
<b>Actuarial (gain) / loss recognised in Other Comprehensive Income</b>	<b>65.13</b>	<b>(6.44)</b>

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
<b>Maturity Profile of Defined Benefit Obligation</b>		
Weighted average duration (based on discounted cash flows)	6 years	6 years

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 47 Employee benefits (Contd.)

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
<b>Expected cash flows over the next (valued on undiscounted basis) as follows :</b>		
Year 1	129.41	95.13
Year 2	102.62	84.15
Year 3	116.87	91.70
Year 4	83.81	88.83
Year 5	93.10	62.35
Thereafter	681.21	567.59

#### Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, withdrawal rate and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of the sensitivity analysis is given below:

	(₹ in Lakhs)	
	As at 31 March 2023	As at 31 March 2022
Defined Benefit Obligation (Base)	792.06	661.52

	(₹ in Lakhs)			
	Year ended 31 March 2023		Year ended 31 March 2022	
	Decrease	Increase	Decrease	Increase
Discount Rate ( -/+ 1%)	37.94	(34.31)	33.34	(30.08)
(% change compared to base due to sensitivity)	4.8%	-4.3%	5.0%	-4.5%
Salary Growth Rate ( -/+ 1%)	(32.42)	34.88	(27.73)	30.10
(% change compared to base due to sensitivity)	-4.1%	4.4%	-4.2%	4.5%
Attrition Rate ( +/- 1%)	5.48	(6.05)	3.78	(4.19)
(% change compared to base due to sensitivity)	0.7%	-0.8%	0.6%	-0.6%

#### (c) Compensated absences

The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year and net charge to the Statement of Profit and Loss for the year is ₹ 119.53 lakhs (Previous Year: ₹ 78.17 lakhs).

#### 48 Segment information

The Company is primarily engaged in the business of pharmaceuticals. The Company has entrusted decision making authority to the Managing Director (highest authority) who is the Chief Operating Decision Maker (CODM) who has complete control over the operating decisions and is responsible for the information presented to the Board of Directors. Managing Director reviews the Company's performance based on the analysis of the Profit Before Tax (PBT) at an overall entity level and therefore there is no other separate reportable segment for the Company as defined by Ind AS 108 "Operating Segment".

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 48 Segment information (Contd.)

Information about geographical areas are as under :

Particulars	31 March 2023			31 March 2022		
	In India	Outside India	Total	In India	Outside India	Total
Revenue from operations*	6,033.78	33,619.35	39,653.13	6,329.69	26,619.68	32,949.37
Carrying amount of segment assets (non-current)**	13,521.86	998.12	14,519.98	11,486.92	672.65	12,159.57
Carrying amount of segment assets (current)	9,672.36	7,968.10	17,640.46	13,278.53	6,567.81	19,846.34
Capital expenditure for the year	2,980.73	566.23	3,546.96	1,499.52	107.03	1,606.55
- Tangible	2,882.01	-	2,882.01	1,458.63	-	1,458.63
- Intangible	98.72	566.23	664.95	40.89	107.03	147.92

The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 2.1

\*As per Ind AS 108 - Operating Segments, the Company is required to disclose revenue from individual external customers when it is 10 per cent or more of entity's revenue. Details of individual external customers has revenue equal to or more than 10 per cent Company's revenue are as follows :

Customer	31 March 2023			31 March 2022		
	In India	Outside India	Total	In India	Outside India	Total
Customer A	-	5,458.10	5,458.10	-	1,888.91	1,888.91
Customer B	-	4,665.94	4,665.94	-	4,908.44	4,908.44
Customer C	-	3,421.48	3,421.48	-	3,428.13	3,428.13

\*\*\*The carrying amount of non-current segment assets exclude financial assets, income tax assets (net).

### 49 Earnings in foreign currency (accrual basis)

	Year ended 31 March 2023	Year ended 31 March 2022
Exports at F.O.B. value	32,301.24	25,183.83
Out-licensing income	509.81	124.60
	<b>32,811.05</b>	<b>25,308.43</b>

### 50 Earnings per share

	Year ended 31 March 2023	Year ended 31 March 2022
I. Profit Computation for both Basic and Diluted Earnings per share:		
Net Profit attributable to equity share holders	2,500.88	1,301.28
II. Computation of weighted average number of equity shares :		
Weighted average number of equity shares in calculating basic EPS	48,725,814	48,725,814
Weighted average number of equity shares in calculating diluted EPS	48,725,814	48,725,814
III. Earnings Per Share:		
Basic Earning Per Share (₹) (Face value of ₹ 10 per share)	5.13	2.67
Diluted Earning Per Share (₹) (Face value of ₹ 10 per share)	5.13	2.67

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 50 Earnings per share (Contd.)

During the current year, the Company allotted 32,483,876 equity shares of face value ₹ 10 each as fully paid up bonus shares by capitalisation of securities premium aggregating to ₹ 3,248.39 lakhs, pursuant to an ordinary resolution passed by the shareholders in the extra ordinary general meeting on 12 December 2022. The Company has issued two bonus equity shares against one equity share held by its shareholders. Earnings per share of comparative periods have been adjusted towards bonus shares issued.

### 51 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 ₹ 500 crore or more, or turnover of ₹ 1,000 crore or more or a net profit of ₹ 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 the Company. The financial details as sought by the Companies Act, 2013 are as follows :

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Average net profit of the Company for last three financial years	877.72	1008.04
Prescribed CSR expenditure (2% of the average net profit as computed above)	17.55	20.16
<b>Details of CSR expenditure during the financial year :</b>		
(a) Total amount required to be spent for the financial year	17.55	20.16
(b) Amount approved by the Board to be spent for the financial year	17.98	20.62
(c) Amount spent for the financial year ending on 31 March 2023 :	<b>In cash</b>	<b>Yet to be paid in cash</b>
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	17.98	-
(d) Amount spent for the financial year ending on 31 March 2022:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	20.62	-
(e) Detailed related to spent/ unspent obligations :		
(i) Contribution to Public Trust	-	-
(ii) Contribution to Charitable Trust	17.55	20.16
(iii) Unspent amount in relation to :		
- Ongoing project	-	-
- Other than ongoing project	-	-
	<b>17.55</b>	<b>20.16</b>

In case of Section 135(5) (Other than ongoing Project)				
Opening Balance	Amount deposited in Specified Fund of Schedule VII within 6 months	Amount required to be spent for the year	Amount spent for the year	Closing Balance
0.46	-	17.55	17.98	0.89

In case of Section 135(5) Excess amount spent			
Opening Balance	Amount required to be spent for the year	Amount spent for the year	Closing Balance
0.46	17.55	17.98	0.89

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 52 Ratio Analysis and its elements

Ratio	Basis		Year ended 31 March 2023	Year ended 31 March 2022	% change
Current ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	Times	1.62	1.38	17%
Debt- Equity Ratio	$\frac{\text{Total Debt}}{\text{Total Equity}}$	%	31%	30%	2%
Debt Service Coverage Ratio *	$\frac{\text{Earnings for debt service}}{\text{Debt Service}}$	Times	2.22	0.95	135%
Return on Equity Ratio	$\frac{\text{Profit After Tax}}{\text{Average Equity}}$	%	13.73%	7.96%	73%
Inventory Turnover Ratio	$\frac{\text{Cost of Goods Sold}}{\text{Avg. Inventory}}$	Times	3.08	2.47	25%
Trade Receivable Turnover Ratio	$\frac{\text{Revenue from Sale of Products}}{\text{Average Trade Receivables}}$	Times	4.57	4.48	2%
Trade Payable Turnover Ratio	$\frac{\text{Cost of Goods Sold}}{\text{Average Trade Payables **}}$	Times	4.82	3.75	29%
Net Capital Turnover Ratio	$\frac{\text{Revenue from Operations}}{\text{Working Capital ***}}$	Times	5.80	5.96	-3%
Net Profit Ratio	$\frac{\text{Net Profit After Tax}}{\text{Revenue from operations}}$	%	6.31%	3.95%	60%
Return on Capital Employed	$\frac{\text{Earnings before Interest and Tax ****}}{\text{Capital Employed *****}}$	%	17.47%	12.01%	45%
Return on Investment			NA ##	NA ##	
Operating Profit Margin	$\frac{\text{Earnings before Interest and Tax ****}}{\text{Revenue from operations}}$	%	10.46%	8.38%	25%
Basic EPS	$\frac{\text{Net Profit attributable to equity share holders}}{\text{Weighted average number of equity shares}}$	Times	5.13	2.67	92%
Interest coverage ratio	$\frac{\text{Earnings before Interest and Tax ****}}{\text{Finance costs}}$	Times	7.44	3.32	124%

\* Earnings for Debt Service = Net Profit after tax + Depreciation and amortisation expense + Finance costs, Debt Service = Principal Repayments + Finance costs (recognised)

\*\* Average Trade Payables = Average Trade payables for the materials purchase

\*\*\* Working Capital = Current Assets - Current Liabilities

\*\*\*\* Earnings before Interest and Tax = Profit before exceptional item and tax + Finance costs (recognised)

\*\*\*\*\* Capital Employed = Average of equity and total borrowings

## The Company has investments in wholly owned subsidiaries and other insignificant trade investment.

- (i) Debt Service Coverage Ratio: Improvement by 135% in the current year is mainly on account of improved working capital management and improvement in profitability of the Company
- (ii) Return on Equity Ratio: Increased by 73% in the current year due to improvement in profitability of the Company
- (iii) Trade Payable Turnover Ratio: Improvement by 29% in the current year due to repayment of trade payables for the materials purchase during the year

## Significant accounting policies and other explanatory information to the standalone financial statements

For the year ended 31 March 2023

### 52 Ratio Analysis and its elements (Contd.)

- (iv) Net Profit Ratio: Increased by 60% in the current year due to improvement in profitability of the Company
- (v) Return on Capital Employed: Increased by 45% in the current year due to improvement in profitability of the Company
- (vi) Basic EPS: Increased by 92% in the current year due to improvement in profitability of the Company
- (vii) Interest coverage ratio : Improvement by 124% in the current year is mainly due reduction in the finance costs on account of improved working capital management

53 Figures of the previous year has been re-grouped/re-arranged wherever necessary. The impact of the same is not material to the users of financial statement.

#### For and on behalf of the Board of Directors

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

**Anwar S. Daud**  
Managing Director  
DIN: 00023529

**Zulfiqar M. Kamal**  
Director (Finance)  
DIN: 01786763

**Khushroo B. Panthaky**  
Partner  
Membership No.: 042423

**Shyam Mohan Patro**  
Chief Financial Officer

**Piyush Nikhade**  
Company Secretary

Place: Nagpur  
Date: 19 May 2023

Place: Nagpur  
Date: 19 May 2023



Zeal & Innovation in Medicine

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