Zeal & Innovation in Medicine

Date : 09.09.2020

To

BSE Limited,
Market Operations Dept.
P. J. Towers, Dalal Street,
Mumbai - 400 001
Company Code- 541400

Scrip Code- 541400

Sub : **Submission of Annual Report for F.Y. 2019-20**

Ref : **Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Dear Sir,

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, please find the enclosed herewith updated Annual Report for the Financial Year 2019-20 along with the Notice of the 36th Annual General Meeting to be held on Wednesday, 30th September, 2020 at 11.00 a.m. IST through Video Conferencing ("VC") in place of our earlier disclosure submitted on 08.09.2020.

All the stakeholders are requested to consider this disclosure as the final disclosure under Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. We regret the inconvenience caused to any stakeholder in this regard.

The Annual Report for the financial year 2019-20 is uploaded on the website of the company i.e. www.zimlab.in

Please take the same on your records.

Thanking you,

Yours faithfully,
For **ZIM LABORATORIES LIMITED**

Zim Laboratories Ltd. NAGPUR

(Piyush Nikhade)
Company Secretary and Compliance Officer

Zeal & Innovation in Medicine

Transform. Innovate. Build.

Annual Report FY 2019-20
ZIM Laboratories Limited

Zeal & Innovation in Medicine

Transform.

from lab benches, into patients' hands

We continue to remain steadfast in our transformation journey, building additional pathways of growth and simultaneously focusing on making our organisation more efficient. Our specialty business is one of our key initiatives in this transformation journey, targeting an innovation-driven business model to drive sustainable and profitable growth. Building a robust portfolio for global markets, we focus on excelling in realising the potential of creative approaches to delivering medicines to patients. We aim to make quality healthcare affordable through drug delivery solutions focusing on patient convenience & adherence.

Innovate.

novel methods that answer important medical problems

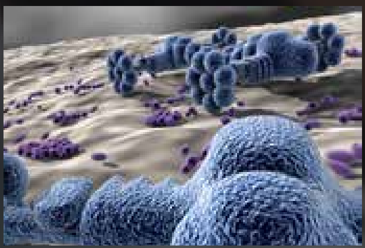
We are a research-driven pharmaceutical company that answer underserved medical problems in ground-breaking ways. By providing real answers to real problems, we deliver breakthrough technologies to prevent, diagnose and treat health needs. Our passion for innovation keeps us constantly engaged with various business partners in developing new products, which are differentiated in delivery or composition. Adapting quickly to changes in the world around us, we harness the leading-edge science and technology to deliver the best possible solutions. By innovating and delivering high throughput technology-based niche products, characterised by their technical complexity and market differentiation, we offer a unique position to deliver enhanced product attributes to the patients. As a result, today, we are one of the leading NDDS companies emerging out of India.

Build.

building ZIM with ambitious aspirations

We are a high-potential pharmaceutical company with a balanced portfolio of innovative drugs that have significant growth potential. By developing innovative process technology platforms, we make existing molecules more effective and useful. We are leveraging our current capabilities in manufacturing and supply various generic products under different dosage forms to increase our geographical footprint in the emerging markets, both as semi-finished and finished formulations. Going forward, we aim to build our co-development and out-licensing business on the back of our formulation development capabilities.

What's Inside



Corporate Information

Board Of Directors

Dr. Anwar Daud
Chairman and Managing Director

Mr. Riazahmed Kamal
Director (Administration)

Mr. Zulfiquar Kamal
Director (Finance)

Mr. Prakash Sapkal
Director (Operations)

Mr. Niraj Dhadiwal
Director (Business Development)

Dr. Veerendra Parashar
Independent Director

Dr. Naresh Gaikwad
Independent Director

Mr. Suprakash Chakravarty
Independent Director

Mrs. Kavita Loya
Independent Director

Mr. Padmakar Joshi
Independent Director

Board Committees

Audit Committee

Mrs. Kavita Loya, Chairperson
Dr. Naresh Gaikwad
Dr. Veerendra Parashar
Dr. Anwar Daud

Nomination and Remuneration Committee

Dr. Veerendra Parashar, Chairman
Dr. Naresh Gaikwad
Mrs. Kavita Loya
Dr. Anwar Daud

Stakeholder Relationship Committee

Dr. Naresh Gaikwad, Chairman
Mr. Padmakar Joshi
Dr. Anwar Daud

Corporate Social Responsibility Committee

Mr. Suprakash Chakravarty, Chairman
Mr. Padmakar Joshi
Dr. Anwar Daud
Mr. Zulfiquar Kamal

Chief Financial Officer

Mr. Shyam Mohan Patro

Company Secretary & Compliance Officer

Mr. Piyush Nikhade

Statutory Auditors

Walker Chandiok & Co. LLP
Chartered Accountants

Internal Auditors

Protiviti India Member Private Limited

Secretarial Auditors

Ms. Roshni Jethani
Company Secretary in Practice

Registrar & Transfer Agent

LINK INTIME INDIA PVT. LTD.
C-101, 247 Park, LBS Marg,
Vikhroli West, Mumbai – 400 083.
Tel. No.: 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: 0712-2588070
Email: cs@zimlab.in
Website: www.zimlab.in

Bankers

» Bank of India
Shamrao Vithal Co-operative Bank Limited

CIN NO.

L99999MH1984PLC032172

ZIM in Focus

WE ARE AN INNOVATIVE DRUG DELIVERY SOLUTION PROVIDER FOCUSING ON IMPROVING PATIENT CONVENIENCE AND ADHERENCE TO DRUG INTAKE BY OFFERING A RANGE OF TECHNOLOGY-BASED DRUG DELIVERY SOLUTIONS AND NON-INFRINGING PROPRIETARY MANUFACTURING PROCESSES FOR PRODUCTION AND SUPPLY OF INNOVATIVE AND DIFFERENTIATED GENERIC PHARMACEUTICAL PRODUCTS TO OUR CUSTOMERS GLOBALLY.

VISION

Making quality healthcare affordable through drug delivery solutions, focusing on patient convenience and adherence.

WHAT WE DO

We provide our customers with a comprehensive range of solid value-added dosage differentiated generic products in semi-finished and finished categories/formulations. These include granules, pellets (sustained, modified, extended-release), taste-masked powders, suspensions, tablets, capsules and its recently developed Oral Thin Films (OTF).

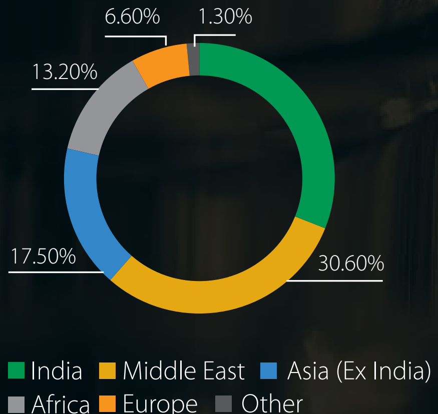
HOW WE CREATE VALUE FOR OUR PARTNERS & PATIENTS

By using our proprietary knowledge, technology and manufacturing process expertise, we are able to bridge the technology gap in Tier III Pharmerging and ROW markets while assisting local players in various geographies to launch differentiated / combination generic products to compete in their respective local markets.

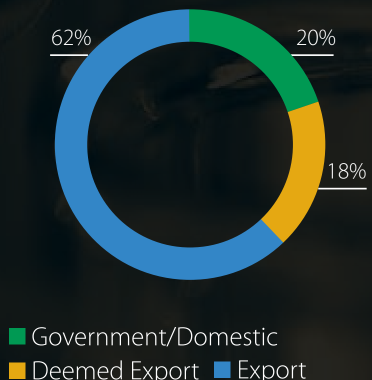
We provide end-to-end support that includes:

- Partnerships:
  + Co-Development
  + Out-Licensing
- Country Specific Registration Dossiers
- Manufacturing and Supply
- Marketing Support

Region Wise Revenue Break up (%)
FY 2020



Breakup of Sales (%)
FY 2020



Our Core Values

Zeal - It is our only passion that will fuel our drive for excellence in product quality, affordability and marketability.

Challenging the Status Quo - Through a relentless pursuit of excellence and encouraging innovation, which is the foundation of our success.

Strive for excellence - Continuous training and upgrading of employee skills and competencies of our team, to provide zero-defect, effective medicines to our patients.

Integrity - Stringent adherence to the moral and ethical code of the company, including transparency, open communication channels and impartiality to make every member feel valued

Sustainability - Ensure judicious use and protection of the country's resources by minimising waste, thereby reducing the burden of the cost of maintenance of such natural resources for future generations.

Practising Fairness - A fair treatment to all is the best way to create & retain our goodwill and the trust of our business associates and colleagues.

Practising Empathy and Kindness - Promote a sense of compassion among all members of the organisation for the health and wellbeing of the common man, spurring each one to provide them with high-quality, affordable medicines.

Our Growing Legacy

WE ARE A HIGH-POTENTIAL PHARMACEUTICAL COMPANY WITH A BALANCED PORTFOLIO OF INNOVATIVE DRUGS THAT HAVE SIGNIFICANT GROWTH POTENTIAL. BY DEVELOPING INNOVATIVE PROCESS TECHNOLOGY PLATFORMS, WE MAKE EXISTING MOLECULES MORE EFFECTIVE AND USEFUL. GOING FORWARD, WE AIM TO BUILD OUR CO-DEVELOPMENT AND OUT-LICENSING BUSINESS ON THE BACK OF OUR FORMULATION DEVELOPMENT CAPABILITIES.

1989-2000

- Leading supplier of pharmaceutical products to Government organisations through tenders from WHO-GMP approved plan

2001-2012

- Developed Pellets, Granules and Taste Making Technology Platforms to change its focus to differentiated and higher-margin products
- Ventured into international markets in the Middle East and North Africa
- Established "Proof of Concept" for Oral Thin Films and Nanotechnology

2012-2017

- Funding from private equity investors; focus on higher-margin businesses; reduce deemed export and low margin Government business
- Upgraded its manufacturing facilities to EU-GMP standards;
- Invested in separate WHO-GMP approved OTF facility and commercialised OTF products
- Entered into newer geographies such as SEA, LATAM, CIS and Africa
- Grew share in Sri Lanka, Bangladesh and MENA
- Focused on building a steady pipeline with dossier filings and own product registrations

2018 -2019

- Continued focus on its core PFI business – through new geographies, new customer relationships and new product pipeline for its business partners
- Growing its niche generic formulations business through registration, marketing, partnerships, and continued launch of products in MENA, SEA, Latin America and CIS countries
- Launch of OTF as an alternate drug delivery platform across RoW, Domestic, Emerging and Regulated Markets
- EUGMP audit cleared successfully by "EUGMP re-accredited."
- Invest in R&D to develop a pipeline of products with a focus on regulated markets and enhance capacity and flexibility by appropriate CAPEX

Zeal & Innovation in Medicine

2019 & way forward

- » To act as a technology partner for established pharma companies and develop products through co-development and have an association with marketing partners.
- » Signed over 15 contracts with leading pharmaceutical companies in regulated markets for co-development of differentiated and complex generic products.
- » Adapted the emerging e-commerce by launching nutraceutical products under healthcare and wellness category for greater reach to NEW AGE Citizen.
- » Entering into regulated markets with our innovative products. By registering over 200 formulations products in the year, we have crossed over 500 product registrations in various regions.
- » We are emerging towards technology-rich organisation capable of creating proprietary complex pharmaceutical products to treat the NEW AGE Citizen.
- » Incorporated subsidiary in Europe for emerging and regulated markets and established Representative office in Vietnam for greater presence in SEA markets.
- » Having maturing in the PFI segment, the company is moving towards optimization of FF segment at a healthy CAGR rate of 41 % on a consolidated basis.

Our Competitive Edge

Focused on the NDDS Segments	Over time ZIM has created a long-term sustainable advantage by focusing on NDDS segment through continuous innovation and development of non-infringing technology platforms and supply of high-quality products at competitive prices.
Unique R&D Focused Business Model	With our R&D capabilities and manufacturing skills, we are able to develop and supply differentiated generic products, in pre-formulation dosage forms, to business partners who need comprehensive support in product development, full manufacturing technical training, registration & sourcing of such differentiated products to boost their pipeline & compete.
Manufacturing Facilities	We have three manufacturing blocks (General, Cephalosporin and OTF). ZIM general block and OTF Block is EU-GMP and WHO-GMP approved. Its Cephalosporin block is WHO-GMP approved. ZIM is amongst the few companies in India to receive EU-GMP and WHO-GMP approval for its OTF facility.
Multi-Pronged Growth Strategy	Developing new technology platforms & differentiated generic products for itself and under license arrangement. Manufacturing and supply of finished and semi-finished formulations for RoW. Development of the Thin Film as an alternate delivery platform.
Expanding Footprints	522 Product Registrations 151 Applied Registrations 246 Registrations in Pipeline
Strong R&D Capabilities	• 100+ R&D team, • EU-GMP & WHO-GMP approved manufacturing facilities, • Manufacturing at a facility spread over 1,25,000 sq. ft. in Nagpur • We are now setting up a new R&D centre with team, equipment and capabilities targeted for developed markets.

What makes us stand out

CREATING VALUE THROUGH INNOVATION
- **SEE PAGE 24**

STRENGTHENING OUR COMPLEX GENERICS PIPELINE - **SEE PAGE 26**

TOWARDS A DIVERSIFIED FUTURE , VENTURING INTO E-COMMERCE AND DIGITAL MARKETING.
- **SEE PAGE 28**

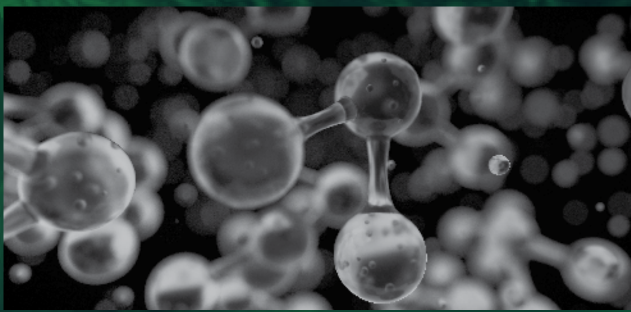
186

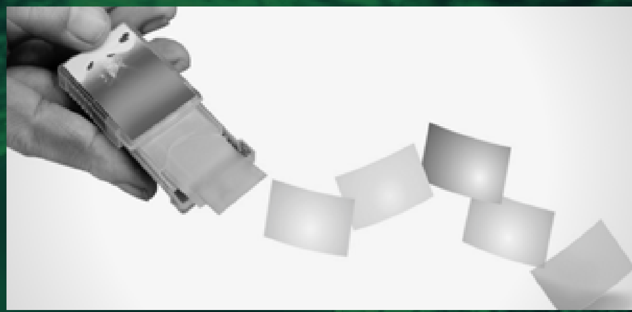
clients across 60 countries in Asia, Africa, CIS, LATAM, Middle East and SEA

Our Manufacturing Footprint

SOLID ORAL DOSAGE (GENERAL) FACILITY

Manufacturing Capabilities	Tablets, Capsules, DC Granules, Pellets, and Dry Syrup
Accreditations	EU-GMP, WHO-GMP, ISO 9001
Area	1,00,000 Sq. Ft
Began Operations	1989
Current Manpower	227



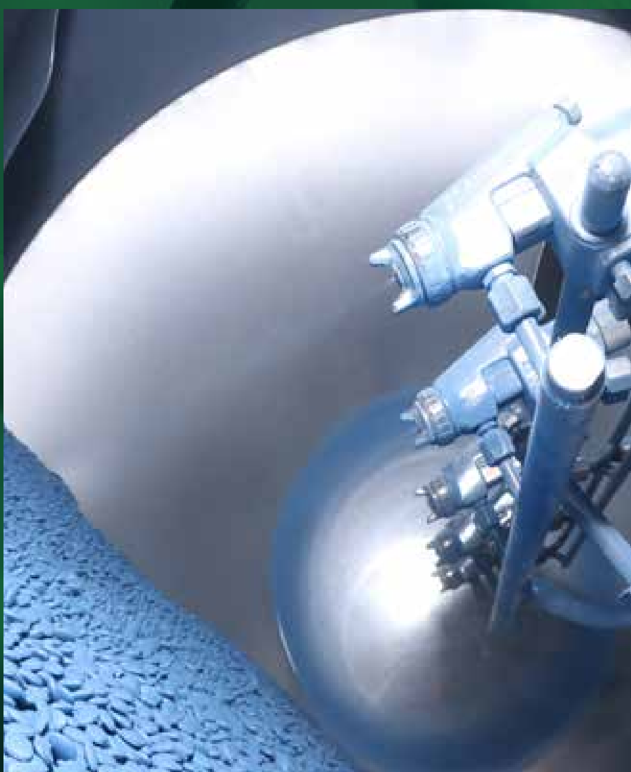


SOLID ORAL DOSAGE (CEPHALOSPORIN) FACILITY

Manufacturing Capabilities	Tablets, Capsules, DC Granules
Accreditations	WHO-GMP, ISO 9001
Area	16,000 Sq. Ft
Began Operations	2011
Current Manpower	31

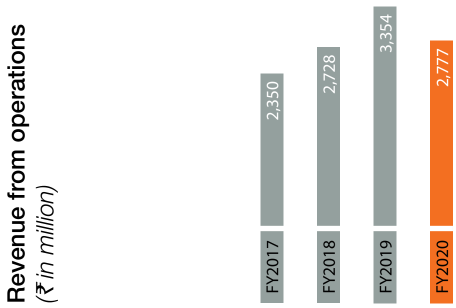
ORAL THIN FILM FACILITY

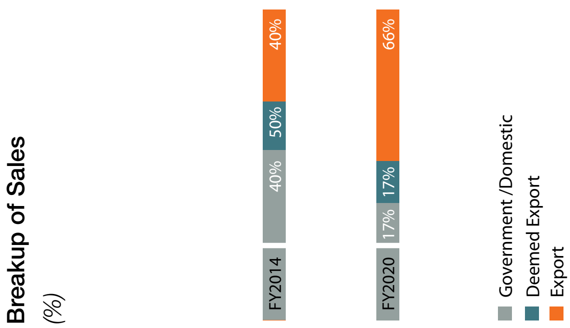
Manufacturing Capabilities	OTF
Accreditations	EU-GMP, WHO GMP, ISO 9001
Area	6,300 Sq. Ft
Began Operations	2014
Current Manpower	58

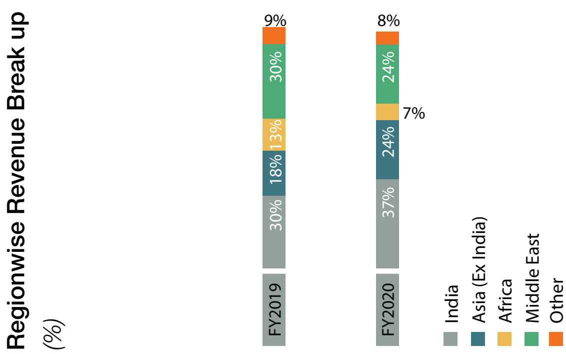


FY2020 in numbers and trends

Our Key Performance Indicators







OUR PERFORMANCE IN FY2020 DEMONSTRATED THE INGRAINED RESILIENCE OF OUR BUSINESS MODEL THAT PROVIDES A SOLID FOUNDATION FOR OUR NEXT PHASE OF GROWTH, PUTTING US IN AN EVEN BETTER POSITION TO SOLVE CURRENT AND FUTURE HEALTHCARE CHALLENGES.

Our Key Initiatives in FY2020

1. Signed over 15 contracts for various molecules across different therapeutic areas under co-development.

2. Finalised three new high-value projects with large pharma companies.

3. Started developing Spinoral® and Printoral® technologies that can be used to develop large molecules such as peptides or vaccines into the thin-film delivery system.

4. Signed an exclusive marketing agreement with leading Indian pharma company for the Indian market for one of our novel products used in treating Alzheimer suffering patients.

Future Growth Drivers for Manufacturing Capacities

1. Our R&D efforts are focused on building a pipeline of differentiated complex generics in finished formulations, as rising competition in generics space is driving the focus on differentiated products, complex generics and specialty pharma to enhance competitiveness and increase profitability.

2. To securitise value, reduce risk and create our presence in the targeted market, we are developing co-development strategies by entering into long term product co-development and supply partnerships with original product manufacturers and marketing companies, globally and across delivery platforms. This will pave our entry into high end and semi-regulated markets in the near future.

3. After developing the platform technology and getting approvals for many of our products in domestic and ROW markets, our efforts have steered more towards developing products to suit the requirements of more regulated markets during FY2020. The efforts have enabled us to make technology our key differentiator and develop a basket of robust products for diverse markets across the world.

CMD's Message to Shareholders

Dear Shareholders,

In recent years, we have undertaken a mission to transform your company into becoming a key provider of healthcare solutions globally. This requires rapidly adapting to the disruptive changes taking place in Healthcare Delivery, Patient Requirements and Digitalization. Ever increasing Regulatory Oversight, Affordability enforcement and Localization efforts by all governments have added to the urgency.

The World is paradoxically racing towards increasing globalization where partnerships and sharing of skills and knowledge are needed more than ever for success across regional boundaries. At the same time there is a strong trend towards localization and isolation to restrict over dependence and loss of livelihoods and sovereignty. We believe the pharmaceutical organization of the future will be very different from what is seen today and are in the process of creating one.

In the midst of all these disruptive changes occurring all around us one thing which remains constant is our single-minded endeavor to serve the healthcare needs of our patient. Supporting patient health will continue to be our main-stay and driving force especially during this time as we confront one of the greatest challenges to humanity in the form of the Coronavirus causing Covid-19. Our Patient First Focus drives our team to create solutions which provide convenience and adherence for treatment while ensuring affordability. We are constantly striving for new ideas which help us to create and deliver New Age Medicines to the New Age Citizen!

41%

FINISHED FORMULATIONS CAGR GROWTH

UNIQUE POSITIONING

We believe we have leveraged our competence in process innovation to create a versatile portfolio of enabling platform technologies for developing differentiated generic products which provide unique healthcare solutions for our patients. They enable manufacturing and supply of affordable complex generics in the domestic and international markets and position us as the partner of choice to pharmaceutical manufacturers and distributors aiming for continued relevance. An additional area of emerging strength is our ability to partner with Global Pharma for Co-development and Manufacturing. While our existing business is primarily in Pharmerging markets, we continued to pursue our ambition to enter the developed and regulated markets going forward and are confident of a much larger presence in the next few years. The Co-Development and manufacturing agreements which are in place and under discussion have a full spectrum of partners including Big Pharma as well as mid-sized therapy specialized players in the regulated as well emerging markets. The projects undertaken largely involve use of Zim's existing unique technology platforms to develop differentiated products, dosage transformation as well as Complex Generics. We aim to bring these new ideas to commercial launch in the next few years.

BUSINESS PERFORMANCE

In terms of business, this financial year has been mixed. On an overall basis, our revenues in FY20 was lower than in FY19 but with constant focus on margins, your company was able to keep the margins in line with those in FY19 through improvements in product-mix, productivity, as well as growth in Finished Formulation Business.

The Finished Formulations business, has been showing good growth since we focused on making this part of our core strategy in 2014-15. The business grew at a fast clip on the back of rapidly growing product registrations in various markets at 41% CAGR, proving that the initial investments in development and registration of various formulations in multiple markets has laid the foundation for consistent growth and returns in the coming years.

Dr. Anwar Daud
Chairman & Managing Director

CMD's Message to Shareholders

We have added more than 170 new product registrations over the previous year and entered into new partnerships and company product launches in 6 new markets. This business will be a key growth driver for our business in FY21 and going forward.

The Domestic Institutional Business has been scaled back to cover products where we believe we bring some value to the patient – essentially differentiated products and food supplements. We are focusing on higher margin products and without significant price fluctuation risks in API and other intermediates. The Pradhan Mantri Bhartiya Janaushadhi campaign of the Government of India is finding good traction and we are proud to participate in this program with over ₹ 30 million orders in hand to execute.

The Deemed Export business has been maintained at a revenue run rate of over 17% and is expected to continue at this range depending on the margins that your company can make from this business line.

COST CONTAINMENT:

We expect affordability of generic products shall be an important political mission of presiding governments in all global markets in the coming years. We intend to achieve the same by introducing new paradigms in operational excellence bringing into use the latest tools such as remote monitoring of critical manufacturing process parameters and optimal utilization of various inputs. Ensuring that we develop robust manufacturing processes for all of our products, reduction of process time and steps and product yields has been an important part of our mission to ensure product affordability for our patients without affecting quality or our margins.

Several initiatives were undertaken during the year to ensure that costs were continuously controlled. Existing equipment was replaced with more efficient alternatives to increase productivity, yield, process time as well as reduced man-power through automation.

Notably, the company undertook several measures as above ultimately leading to utility cut back, reduced manufacturing shifts, optimization of the work force etc. As a result we have been able to increase the quantity manufactured of almost all the units of outputs. Along with over 10% decrease in our operational expenses from the previous year.

RESEARCH AND DEVELOPMENT:

As you may be aware that R&D is the heart of your company. We continuously strive to come up with new ideas for product delivery. This covers broad technology platforms (like the ODS; Taste Masking, Liquid in Pellets, etc) as well as specific solutions for our clients and patients. We are happy to inform that the momentum to continue to strengthen the R&D division continues.

During the year over 5 experienced professionals were added to the team, which comprised of members that have worked in leading multinational organisations in India as well as overseas. They bring with them a wide range of experience in developing formulation ideas and deep experience in developing products along with comprehensive dossiers for filing across global markets including the most developed markets in the world like the USA and Europe.

SURVIVING AND THRIVING IN THE TIMES OF THE COVID-19 PANDEMIC:

As has been famously stated, the Corona virus responsible for COVID-19 is a threat not only to life but to livelihood as well!

As a company our unique process innovation skills and our presence in diverse markets, we are relatively well placed to absorb the shocks of the disruptions in economic activity and supply chain failures bound to result and maintain continuity of business. We have taken several steps to ensure uninterrupted operations in the coming days and months. These steps have been formalized throughout the organization in the form of a Standard Operating Procedure and cover well-documented methods of transportation and movement of personnel inside the company campus and various practices such as sanitization, working areas isolation, protection of highly vulnerable and high contact personnel as well as work from home practices. We expect the loyalty and support from our valuable clients to continue specially because of the partnership approach that we practice and the value we strive to add to their business through the product differentiation inherent in our offerings.

The efforts towards pharmaceutical localization and alternate affordable sourcing strategies by various governments are expected to accelerate as a fall-out of the impact of the pandemic. We believe that this will provide opportunities for your company's growth because of its multiple partnerships based business models in various markets. The on-going regulatory tightening in all markets is advantageous to Zim because of extensive investments already made in upgradation of facilities, systems and skills of our team due to which we presently operate in a highly compliant environment and have several successful accreditations and audits such as a continuing EU GMP certification.

Although these are early days and a clearer understanding of the extent of changes in business and lifestyles this epidemic is likely to cause, we can be certain that its effects will be felt for next few years and some of the changes will remain long after the virus is conquered.

TOWARDS AN EXCITING FUTURE

Going forward, we aim to focus on co-development, particularly in the areas of oral solid complex generics, dosage transformation (Oral Thin Film Technology platform) and differentiated products for ourselves and our valued partners spread across all markets. On the back of our unique technology platform assets, we aim to develop proprietary non-infringing first to file products which will provide long-term advantages for esteemed partners.

We expect to enter into development and supply partnerships with original product manufacturers and marketing companies globally leveraging our portfolio of delivery platforms for extending product lifecycle such as our Multi-layer film technology, Electrospun nanofibers incorporated oral films, drug printed oral films, liquid in pellets technology etc.

As we look to the future, we feel confident that we are well-positioned to continue to grow our business, by expanding the products and services we provide to customers, while operating with greater efficiency and embracing technology and digital advances. All of this will result in our ability to more effectively and sustainably fulfil our mission to improve patient lives.

On behalf of the Board, I would like to thank you shareholders for your continued support and also wish to thank our Government, the Administration, Customers, Suppliers, Banks and all other Stake-holders that helped and stood by us during these trying times. A special thank you to all the ZIMIANS for living the Company's values and their contributions and commitment during the year.

Regards,

Dr. Anwar Daud
Chairman & Managing Director

Message from the CFO

Dear Shareholders,

It is my privilege to write to you and present the Report for FY2019-20. I hope this letter finds you safe and in good health. For most of FY2019-20, the industry faced numerable challenges such as geopolitical issues, shortage of currency in the form of US Dollars in the market, and finally the disruption caused by the COVID-19 pandemic towards the last quarter of the year. The pandemic has shaken the entire world, enforcing a new normal in how we conduct business and live daily life.

PRIORITISING OUR PEOPLE & PRODUCT SAFETY

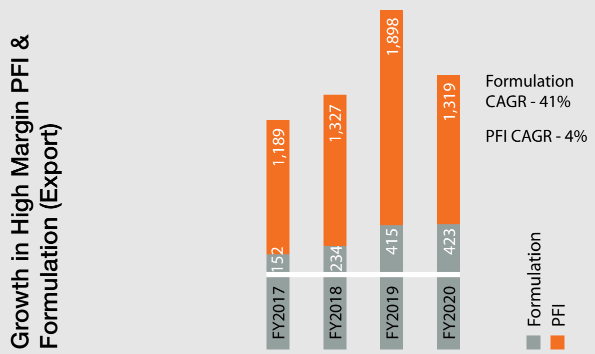
In such a highly dynamic situation, our people and their safety is our priority. Towards this, we have taken various initiatives during the year. Apart from staff as an individual, the safety of their family is also important to us. Further, we have increased work from home system, wherever possible. As a sensitive employee organisation respecting social distancing is the new norm, we have asked our workforce to work from home or attend office on an alternate day basis. Each team is being asked to take turns on alternative days to be in the office, ensuring that our work premises are not overly crowded.

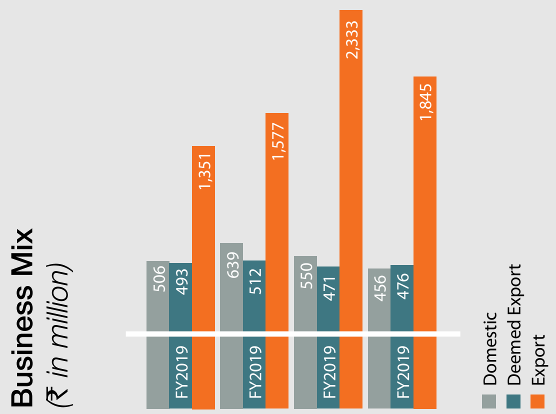
MITIGATING COVID-19 CHALLENGES

India, as a country, imports a significant portion of APIs from China. This dependency on China has also had a constraining effect on our business process. However, the

Shyam Mohan Patro
Chief Financial Officer

Message from the CFO





agility of our leadership has successfully averted potentially severe consequences. The effects on the production due to near closure of API imports from China has been mitigated through our stock in hand in conjunction with stock available with various traders, even if at a premium. Further, the long-term relations with transporters have helped us in managing the transport movements for the inputs such as raw materials, packing material, and excipients in the lockdown period.

During the year, we have taken various initiatives to mitigate the risk and challenges faced. With the help of scenario planning, we have indigenised our cash flow planning prudently. We have prioritised important cash outflows, with the assumption that the situation will remain the same for another couple of quarters. Additionally, we also conducted a sensitivity analysis of each element of cost in the business. Moreover, re-forecasting the business has enabled us to re-visit the budget for the year efficiently. As cash flow and cost reductions are the primary focus, each element of cost has been analysed with its relevance in this new normal situation.

The increased focus on healthcare system opens an ample possibility for new molecules, new processes and new ventures. The future indigenisation may also reduce the raw material cost with certainty in long-run. As more countries will be insisting on indigenisation of pharma manufacturing, the possibility of new JVs, partnerships, co-development of molecules, will increase within the industry. This could open up more opportunities for ZIM to form new partnerships.

OUR FINANCIAL PERFORMANCE

Despite significant hurdles throughout the year, our seven core values "Zeal, Challenging the Status Quo, Strive for excellence, Integrity, Sustainability, Practicing Fairness, Practicing Empathy and Kindness" have helped us in attaining the revenue of ₹ 2,777 million. To endeavour our focus on being an innovative drug delivery solution provider, we spend ₹ 152 million in both revenue expenditure and capital expenditure. The consistent spending of ₹ 178 million in FY2018-19, ₹ 149 million in FY2017-18 and ₹ 95 million in FY2016-17, ensures us to be abreast with the requirements of the dynamic generic pharmaceutical market.

Moreover, various cost-saving measures have helped us to reduce the other expenses, except the commission and freight, by ₹ 76 million. However, the premium on the inputs; additional cost due to measures taken for people and product safety; higher freight cost; and slower conversion of finished goods into receivables has impacted realisations, along with working capital and liquidity.

GOING FORWARD

We are pleased with our ability to sustain a respectable performance in FY2019-20 and believe that we have established a strong foundation for consistent growth and profitability. The key priorities for the next year comprise of maintaining the safety of employees; the safety of material and machines; a strong platform to achieve a sustainable EBITDA level; continued focus to extend our geographical presence; enhancing IT automation to enable decision-making both in terms of lead and lag metrics on all aspects of performance, and improving our returns.

We will continue to focus on enhancing the productivity of our teams and build a robust review mechanism to meet ever-growing future demands. We will be guided by the knowledge and insight of the investor fraternity and serve them well. Energised by a reset strategy and a resurgent focus on future priorities, we are confident of growing prudently.

I thank all our shareholders for their support and understanding in one of the most dynamic years of our journey. I view FY2021 with optimism, as we proceed on with our journey for creating long-term value with diligence and focus.

Regards,

Shyam Mohan Patro
Chief Financial Officer

Board of Directors

Mr. Dr. Anwar Daud
Chairman & Managing Director

An M. Pharm in Medicinal Chemistry and a PhD in Pharmaceutics, Dr. Daud started his Professional career in 1981 with a brief stint at IPCA Laboratories Ltd. after which he became one of the key promoters of ZIM Laboratories Ltd. which started its operations in 1989. In the subsequent years, the tiny organisation with 15 employee sbecame Central India's premier pharmaceutical company making several novel formulation products at multi-locational manufacturing facilities. It not only has a domestic footprint, but also a presence in 26 countries spread over emerging markets in MENA, Latin America, CIS & Russia. He has vast knowledge and experience of 30 years in the Pharmaceutical Industry. He has been Managing Director of the Company since 2002.

Zulfiquar Kamal
Director (Finance)

A Chartered Accountant, Zulfiquar Kamal has been associated with the company for over 25 years. He has experience in finance and treasury management, particularly corporate finance. 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. In his current role as Director – Finance, Mr. Kamal oversees the commercial operations of the company. He envisions ZIM to be a financially efficient organisation known for its operational efficiencies and technological process.

Riazahmed K. Kamal
Director (Administration)

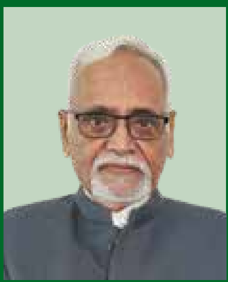
Riazahmed K. Kamal is a B.Sc. AIC and has been associated with the company since its inception. His experience across four decades extends across functions such as quality control, raw material purchase, product costing and government and domestic institutional business. He plays a key role in establishing and implementing policies, working processes and maintaining a disciplined and efficient workforce, including handling personnel and HR departments.

Niraj Dhadiwal
Director (Business Development)

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 as a Production Officer in 1991, rising through ranks to his current position of Director. With his keen business mind and technical knowledge, he has played a key role in the export-development arm of the company. In his current role as Director – Business Development, he looks after the business development and marketing functions of the company. He envisions ZIM to have a global presence with innovative and differentiated products leading to good returns for all the stakeholders.

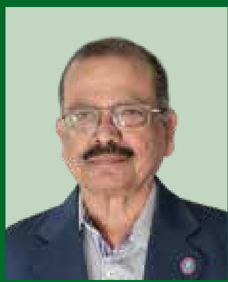
Prakash Sapkal
Director (Operations)

Prakash Sapkal is a Pharmacy graduate with post-graduation in Business Administration. He is associated with the Company for 24 years, starting his career as Assistant Chemist. In his current role as Director (Operations), he looks after the operations and new initiatives such as Formulations and Oral Thin Films business.



Dr. V. V. Parashar
Independent Director

With a doctorate in pharmaceutical chemistry and over 40 years of experience in academics, Dr. Parashar is on the Board of Directors as an Independent Director. He is now retired from academics..



Dr. Naresh Janardan Gaikwad
Independent Director

Dr. Gaikwad has a Doctorate in medical sciences and has over 42 years of experience in pharmaceutical sciences. He is on the Board as an Independent Director. He retired as head of the Pharmaceutical Sciences department of Nagpur University.

Suprakash Chakravarty
Independent Director

A decorated IPS officer from Maharashtra with 37 years of experience, Suprakash Chakravarty is on the Board as an Independent Director. He retired as Director General – Anti Corruption Bureau, MS.

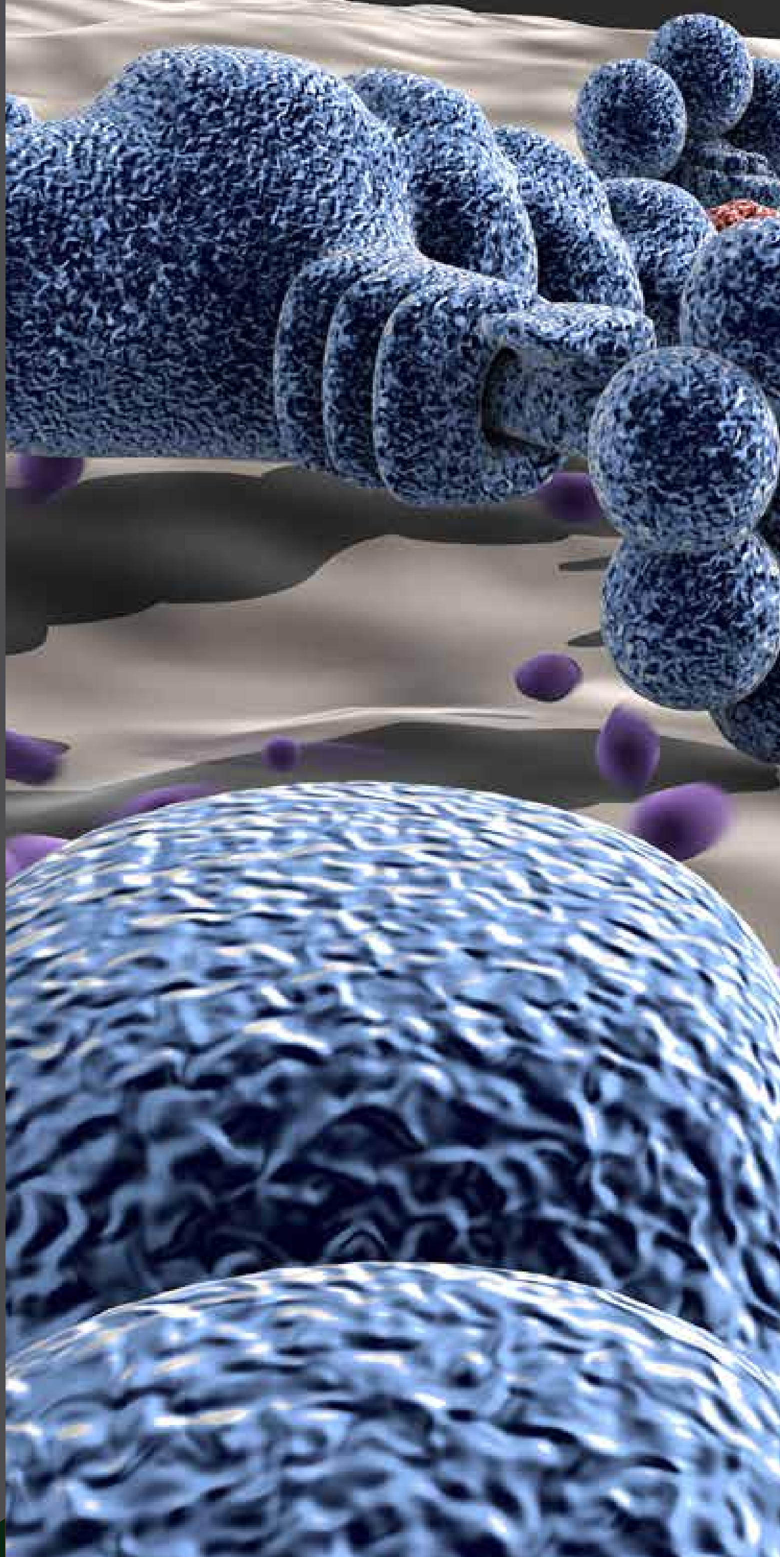
Padmakar S. Joshi
Independent Director

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. He retired as Dy. Head-Corporate & SME Credit Monitoring and Debt Restructuring, Union Bank of India..

Mrs. Kavita Loya
Independent Director

Kavita Loya is a Senior Practicing Chartered Accountant with 20 years of experience. She is on the Board as an Independent Director. She is presently a Partner in Loya Bagri & Company, Chartered Accountants. She is a Member of Capacity Building Committee of the Western Region of ICAI, Mumbai & Women's Empowerment Committee, Nagpur Chapter.

Creating Value through Innovation



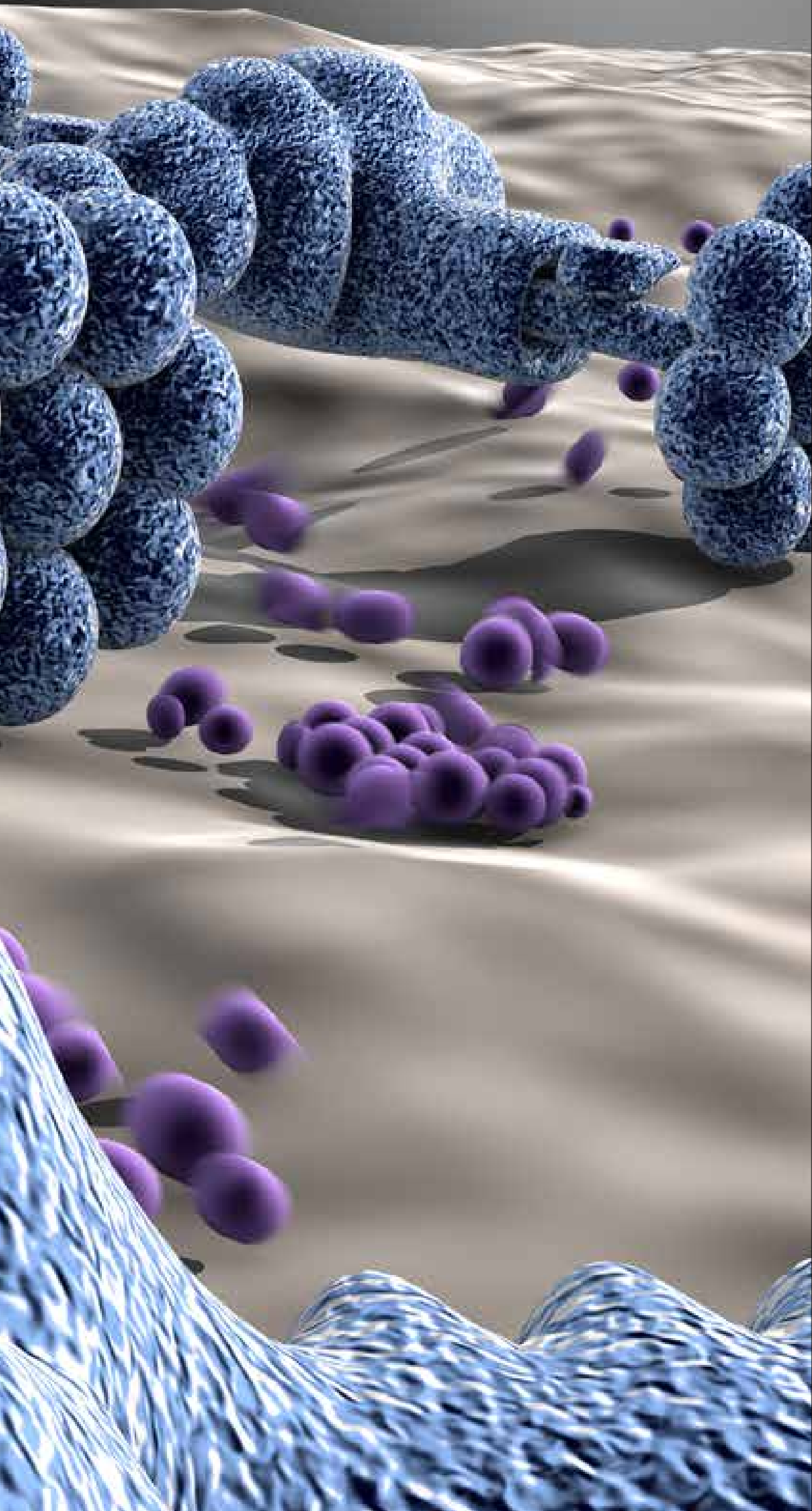
BUSINESS IS ALWAYS ABOUT THE FUTURE – ABOUT CREATING AND PROVIDING WHAT PEOPLE WILL NEED. THIS IS ESPECIALLY TRUE OF AN INNOVATOR LIKE ZIM LABORATORIES, WORKING IN A CRITICAL FIELD IN WHICH PEOPLE'S LIVES LITERALLY DEPEND ON BRINGING THEM NEW SOLUTIONS TO THEIR MOST CRITICAL AND PERSONAL NEEDS.

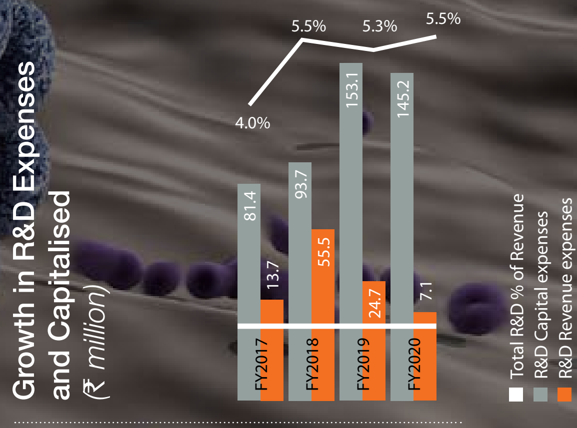
That's why we are always so intently focused on anticipating, preparing for, and leading the future of healthcare. As a result of the continuous evolutionary process we've conducted, we now have all the elements we need to make our own success through organic, internal execution. Our best opportunities, and the strengths we need to capture them, are all present within the company.

To support our mission of serving patients and making our market presence, our R&D team aims to discover, develop, and deliver transformative medicines. Being the lifeline of our business, it enables us to develop and launch differentiated complex generics, as well as innovative drug delivery solutions. During the year, our investments

₹152 million

R&D INVESTMENT FOR FY2020





into R&D was over ₹ 152.2 million, with much of this investment contributing towards strengthening our product pipelines along with research infrastructure and complying with regulatory norms.

Going forward, our focus will remain on developing co-development strategies — by entering into long term product co-development and supply partnerships with original product manufacturers and marketing companies, globally and across delivery platforms. Co-development partnering allows us to securitise value and reduce risk while also creating our presence in the targeted market. New products for regulated markets in the co-development model will further help us to control product development cost and geographic expansion into new markets that have strict regulatory norms. This will pave our entry into high end and semi-regulated markets in the near future.

During the last year, we have signed over 15 contracts for various molecules across different therapeutic areas under co-development. We have made sound progress in preparing three dossiers of pharma products and four dossiers of nutraceutical products ready for submission into regulated and pharma-emerging markets such as Europe, Canada and Brazil.

5.50%

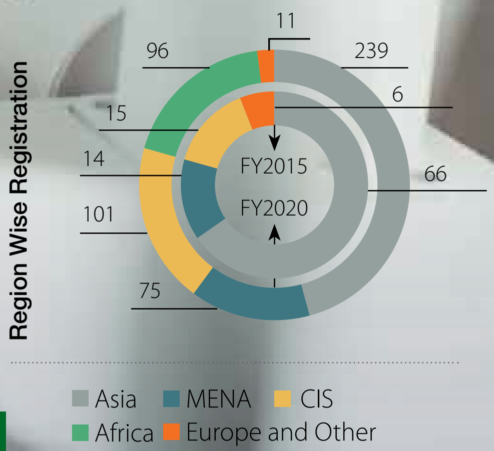
OF OUR TURNOVER SPENT ON R&D FOR FY2020

Strengthening our Complex Generics Pipeline

BEING AN INNOVATIVE DRUG DELIVERY SOLUTION PROVIDER, WE FOCUS ON IMPROVING PATIENT CONVENIENCE AND ADHERENCE TO DRUG INTAKE BY OFFERING A RANGE OF TECHNOLOGY-BASED DRUG DELIVERY SOLUTIONS. FURTHER, OUR R&D EFFORTS ARE FOCUSED ON BUILDING A PIPELINE OF DIFFERENTIATED COMPLEX GENERICS IN FINISHED FORMULATIONS.

Rising competition in generics space is driving the focus on differentiated complex generics and specialty pharma to enhance competitiveness and increase profitability. Since the market is saturated with simple generic products, the need has increased for incremental innovations through NDDS over novel drug discovery. Now many companies are turning their focus towards complex generic drugs, which deliver more value to patients by addressing additional unmet needs, and promotes drug competition and patient access. While the cost of developing complex generics varies from product to product, it can be on an average of 5 to 10 times higher than standard generics. The complexity of the product has ample opportunity as competition is limited while returns are attractive.

At ZIM, we act as a research-centric product development partner for our customers across several Pharmerging and RoW markets. We enable our partners to bridge the technology gap by providing them with the ability to compete with a portfolio of 'difficult to make', complex generics in their respective local markets. We ensure this by providing a constant pipeline of therapy agnostic finished and semi-finished pharmaceutical formulation products by making use of novel delivery solutions.



Our strategy

OUR STRATEGY MADE US INCREASE OUR FOCUS ON PRODUCT DIFFERENTIATION AND DEVELOPMENT OF PORTFOLIO FAVOURING 'DIFFICULT TO MAKE' COMPLEX GENERICS, A RELATIVELY UNCROWDED SPACE THAT WILL CONTINUE TO BE OUR MAINSTAY. FOR FY2021.

Our scientists have developed a deep understanding of many complex technologies. By focusing on complex generics, we aim to achieve market differentiation and take advantage of opportunities for better product margin.

27

Towards a diversified future, venturing into E-commerce and Digital Marketing

OUR VALUE PROPOSITION IS OUR ABILITY TO PROVIDE A RANGE OF TECHNOLOGY-BASED DRUG DELIVERY SOLUTIONS AND NON-INFRINGING PROPRIETARY MANUFACTURING PROCESSES FOR THE MANUFACTURE AND SUPPLY OF INNOVATIVE AND DIFFERENTIATED GENERIC PHARMACEUTICAL PRODUCTS TO OUR CUSTOMERS GLOBALLY. WE ARE A HIGH-END PRODUCT DEVELOPMENT PARTNER FOR OUR CUSTOMERS AND PROVIDE A CONSTANT PIPELINE OF NDDS PRODUCTS SUPPORTED WITH TECHNICAL KNOW-HOW, REGISTRATION DOSSIERS AND MARKETING SUPPORT.

Being focused on providing Novel Drug Delivery Solutions (NDDS), we use our proprietary technology and expertise to bridge the technology gap in Tier III Pharmerging and ROW markets and assist local players in various geographies to launch differentiated / combination generic products and compete. During the year, we increased our presence, and now we have 186 clients across 60 countries in Asia, Africa, CIS, LATAM, Middle East and SEA.

Our growth strategy captures who we are, what we stand for and what we want to achieve. The key pillars of our growth strategy are: Entering into co-development and supply partnerships with original product manufacturers globally across delivery platforms; Foraying into the emerging and developed markets for the supply of semi-finished formulations; Initiating export of finished formulations through marketing partnerships in RoW markets; and Entering the domestic market with OTC pharmaceutical and nutraceutical products.

The company has successfully out-licensed four product dossiers for Europe, Canada and Brazil market at competitive terms. Additionally signed an exclusive marketing agreement with leading Indian pharma company for the Indian market for one of our novel products used in treating Alzheimer suffering patients. Further, two of our patents were successfully granted last year in India and the United States, establishing us as an expert technology player within the thin-film technology domain.

E-COMMERCE AND DIGITAL MARKETING

We started presence in the emerging E-commerce sector through initially listing of our ODS nutraceuticals products on the prominent commercial portals such an Amazon and Flipkart.Post consolidation we will move with broader product basket.

Presently "Finevit D3" & "Neurothin" in addition to popular mint based mouth freshener brand "Ziminta" under Healthcare and wellness category .

Grasping the importance of social media & digital marketing a strong corporate profiles build up has been completed on Facebook, Twitter, Instagram and LinkedIn sites. The social media platform greatly helps in enhancing organization's online presence and extending the reach of it's technology and products.

60

COUNTRIES WE ARE PRESENT IN

Our Diverse Technology Offerings

WE HAVE THREE MANUFACTURING BLOCKS (GENERAL, CEPHALOSPORIN AND OTF). ZIM GENERAL BLOCK AND OTF BLOCK IS EU-GMP AND WHO-GMP APPROVED. ITS CEPHALOSPORIN BLOCK IS WHO-GMP APPROVED. ZIM IS AMONGST THE FEW COMPANIES IN INDIA TO RECEIVE EU-GMP AND WHO-GMP APPROVAL FOR ITS OTF FACILITY.

NICHE MOLECULES UNDER NOVEL DELIVERY UNDER DEVELOPMENT

Over time ZIM has created a long-term sustainable advantage by focusing on NDDS segment through continuous innovation and development of non-infringing technology platforms and supply of high-quality products at competitive prices.

DRUG RELEASE MODIFICATION

Using multiple processes including solvent-less processing

SOLUBILITY & STABILITY ENHANCEMENT

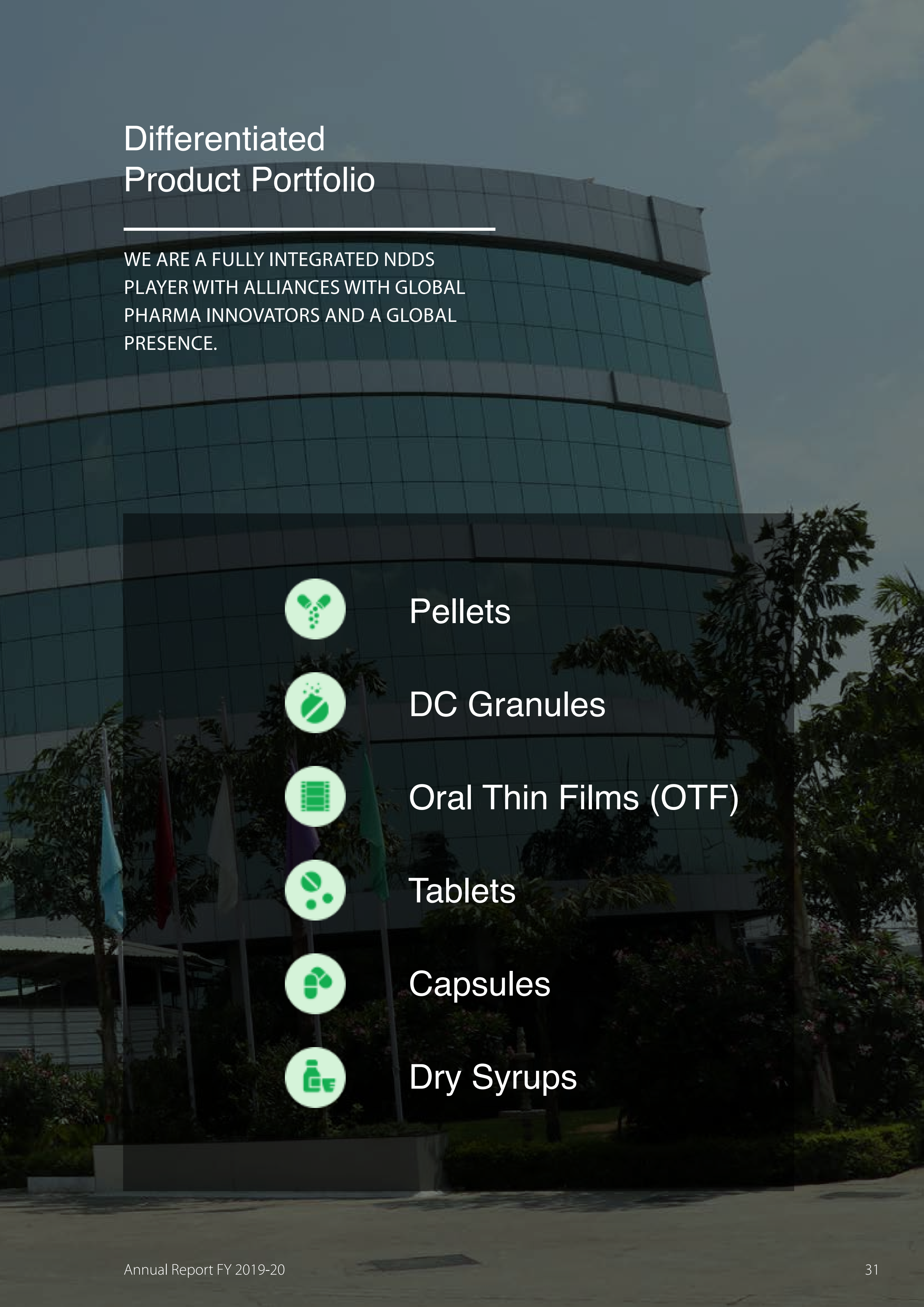
Using co-crystallisation, micro emulsification, co-precipitation, inclusion, complexation, etc.

TASTE MASKING

Using complexation/polymer-based coating, flavour technology

DOSAGE FORM TRANSFORMATION

Using Thinoral Technology



Differentiated Product Portfolio

WE ARE A FULLY INTEGRATED NDDS PLAYER WITH ALLIANCES WITH GLOBAL PHARMA INNOVATORS AND A GLOBAL PRESENCE.

- Pellets
- DC Granules
- Oral Thin Films (OTF)
- Tablets
- Capsules
- Dry Syrups

Management Discussion and Analysis

GLOBAL ECONOMIC OVERVIEW

The World Economic Outlook, for October 2019, described the global economy as experiencing a synchronised slowdown, with escalating downside risks that could further derail growth. Since then, some risks had partially receded with the announcement of a US-China Phase I trade deal and a lower likelihood of a no-deal Brexit. Further, monetary policy had continued to support growth and buoyant financial conditions.
With these developments, there were tentative signs that global growth may be stabilising, though at subdued levels. This can be seen in January 2020 update of World Economic Outlook by IMF wherein global growth was projected to increase modestly from 2.9% in 2019 to 3.3% in 2020, and 3.4% in 2021. The slight downward revision of 0.1% for 2019 and 2020, and 0.2% for 2021, was owed largely to downward revisions for India. However, the projected recovery for global growth remained uncertain as it continued to rely on recoveries in stressed and underperforming emerging market economies.

The Great Lockdown

The world has changed dramatically since the January 2020 update of the World Economic Outlook. The coronavirus pandemic has resulted in a tragically large number of human lives being lost. As countries implement necessary quarantines and social distancing practices to contain the pandemic, the world has been put under a 'Great Lockdown'. The magnitude and speed of collapse in economic activity that has followed is unlike anything experienced in our lifetimes. Policymakers are providing unprecedented support to households, firms, and financial markets, and, while this is crucial for a strong recovery, there is considerable uncertainty about what the economic landscape will look like when the world emerges from this lockdown.

INDIAN ECONOMIC OVERVIEW

The economic impact of COVID-19 in India has been highly disruptive. The Government of India announced a variety of measures to tackle the situation, from food security and extra funds for healthcare and for the states to sector-related incentives and tax deadline extensions. Despite the negative short-term shocks from the pandemic, total foreign direct investment into India has remained buoyant. Foreign direct investment by technology firms in the first seven months of 2020 has already reached around US$ 17 billion, boosted by the US$ 10 billion new investment announced by Google in mid-July. An important positive factor for India is its large and fast-growing middle class, which is helping to drive consumer spending. Total Indian consumer spending is forecast to grow by 42% between 2020 and 2025, measured in US$ terms at constant prices.

INDUSTRY OVERVIEW

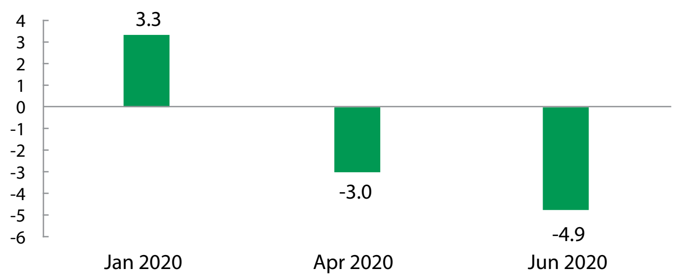
Indian Pharma Sector Overview

Global pharmaceutical markets are in the midst of major discontinuities. While growth in developed markets is expected to slow down, emerging markets are slated to become increasingly important in the coming decade. The Indian pharmaceuticals market, along with the markets of China, Brazil and Russia, will spearhead global growth.

The drug delivery market is expected to grow at the highest CAGR during 2020-2025 and growth in this segment can be attributed to the wide range of advantages associated with this route of administration.

A deeper recession

The Great Lockdown has triggered the worst recession since the Great Depression. (Global real GDP growth, 2020, year-only percent change)



Source: IMF, World Economic Outlook

The Indian pharmaceuticals market has characteristics that make it unique. Firstly, branded generics dominate the industry, making up for 70 to 80% of the retail market. Secondly, local players have enjoyed a dominant position driven by formulation development capabilities and early investments. Thirdly, price levels are generally low, driven by intense competition. While India ranks tenth globally in terms of value, it is ranked third in volumes. Pharmaceuticals export from India stood at US$ 20.70 billion in FY20 and includes bulk drugs, intermediates, drug formulations, biologicals, Ayush and herbal products and surgical products. India's biotechnology industry comprising biopharmaceuticals, bio-services, bio-agriculture, bio-industry, and bioinformatics is expected to grow at an average growth rate of around 30% yoy to reach US$ 100 billion by 2025. India's domestic pharmaceutical market turnover reached ₹ 1.4 lakh crore (US$ 20.03 billion) in 2019, up 9.8% yoy from ₹ 129,015 crore (US$ 18.12 billion) in 2018.

Rising income levels and enhanced medical infrastructure have underpinned the step-up in growth trajectories. This growth has been broad-based across therapy and geography segments, and several leading players are beginning to focus on new and emerging opportunities. The pace of innovation in business models has been unprecedented. As a result, the expectations from the India businesses have risen, and aspirations have become bolder.

Novel Drug Delivery System (NDDS)

Novel Drug Delivery System (NDDS) refers to the approaches, formulations, technologies, and systems for transporting a pharmaceutical compound in the body as needed to safely achieve its desired therapeutic effects. It is a system for delivery of drugs other than the conventional drug delivery system and constitutes a combination of advance technique and new dosage forms which are far better than conventional dosage forms. In 2019, the global Novel Drug Delivery Systems market size was US$ 24,170 million and is expected to reach US$ 27,240 million by the end of 2026, with a CAGR of 1.7% during 2021-2026.[2]

Based on the route of administration, the pharmaceutical drug delivery market is segmented into oral, pulmonary, injectable, ocular, nasal, topical, implantable, and transmucosal drug delivery. The topical drug delivery market is expected to grow at the highest CAGR during 2020-2025 and growth in this segment can be attributed to the wide range of advantages associated with this route of administration, including convenience and ease of use, right dosage to the right place, painless and non-invasive delivery, superior spreadability, and enhanced patient compliance.

COVID-19 Impact on the Pharmaceutical Drug Delivery Technology Market

The outbreak of COVID-19 has been increasing at an exponential level in many countries. This has led to the need to improve patient care and provide added nutritional/immunity support (including vitamins and other curing drugs) to patients affected by the virus. The medical practices of all sizes are under immense pressure, and healthcare providers need to rely on teleradiology solutions to read diagnostic reports and treat patients. There are a large number of drugs and vaccines in various clinical trial phases which are expected to be launched in coming months/years under emergency usage authorisation guidelines for treating COVID-19. As of May 2020, two vaccines are in Phase I clinical evaluation and 11 in the pre-clinical stage. About 95 clinical studies are on-going for COVID-19 as potential drug therapies. Such a strong pipeline is anticipated to drive the growth of this market.

Oral Thin Films (OTF)

Recently, oral dispersible films are gaining interest as an alternative to orally dispersible tablets and other conventional orals. The films are designed to dissolve upon contact with a wet surface, such as the tongue, within a few seconds, meaning the consumer can take the product without the need for additional liquid. This convenience provides both a marketing advantage and increased patient compliance.

The opportunity for oral dispersible films as a simple replacement for orally dispersible tablets and other conventional orals is by itself a huge opportunity considering that about ₹ 35,000 crores of the present Indian pharmaceutical market consist of oral products with single-dose less than 100mg. The simple advantage of differentiation in a crowded branded generics market-facing pricing pressures coupled with "greater convenience" to the patient is likely to lead to the rapid growth of this dosage form for the next 6-9 years. The intermediate to long term acceleration in growth is expected to come from more sophisticated applications such as sub-lingual/transmucosal absorption. The Company expects a rapid growth phase of the oral thin film market.

Internationally, oral thin film has developed in two different directions - in the pharmaceutical segment as well as in the nutraceutical segment. Both have large potential for business and growth. The pharmaceutical segment will grow based upon the opportunity available, regulatory constraints imposed by the various licensing authorities, the ability for the dosage form to serve as a non-infringing alternative to chemical entities coming off-patent and ability of the dosage form itself to enable oral sublingual and transmucosal absorption of small as well as large molecules. Secondly, there are a large number of nutraceutical products available internationally.

The technology to manufacture oral thin films is relatively new, and very few companies have developed proprietary know-how and expertise in the manufacturing process to enable consistent commercial manufacturing of products with acceptable quality. Comparatively few products are available in the market compared to the number of products which are possible. According to PR Newswire, the global market for orally dissolving products is US$ 11.40 billion and is expected to reach US$ 27 billion by 2025.

Advantages

The conventional oral solid dosage forms, like tablets and capsules and other oral forms, have been used largely for the adult population. However, not everybody can swallow medicines or carry or ingest them in a non-messy manner. Special patient populations such as paediatric, geriatric, dysphagic, mentally challenged, and the bedridden have special needs that require an alternative to swallowing. Orally dissolving films are thin films which, when kept on the tongue, dissolve almost instantaneously. Unlike tablets and capsules, these thin films do not require water for their administration, and unlike liquids, these can be easily carried in bags, purses, and wallets. These films are taste-masked and have very good palatability. Being a measured unit, dose uniformity can also be ensured with thin films, which are a problem in the case of liquid medicines. Fast dissolving thin films are not only helpful for the special-need patient population but are also desirable by other groups of patients.

COMPANY OVERVIEW

Zim Laboratories Limited ("Zim" or 'the Company') is an innovative drug delivery solution provider focusing on improving convenience and adherence of drug intake by patients. Its value proposition is its ability to provide a range of technology-based drug delivery solutions and non-infringing proprietary manufacturing processes for manufacture and supply of innovative and differentiated generic pharmaceutical products to its customers globally. Zim is promoted by Dr. Anwar Daud, a technocrat with deep experience in the pharmaceutical business, and is supported by a qualified professional management team having extensive industry experience in their field of expertise Headquartered in Nagpur, it owns a state of the art R&D Centre, and EU-GMP & WHO-GMP certified manufacturing facilities.

The Company is focused on Novel Drug Delivery Solutions (NDDS) and uses its proprietary technology and expertise to bridge the technology gap in Tier III Pharmerging and ROW markets and assist local players in various geographies to launch differentiated / combination generic products and compete.

It is a high-end product development partner for its customers by providing a constant pipeline of NDDS products supported with technical know-how, registration dossiers and marketing support. Its ability to provide a comprehensive range of value-added solid dosage generic products in semi-finished and finished categories, which include granules, pellets (sustained, modified, extended-release), taste-masked powder, suspense tablets, capsules and its recently developed oral thin strips (OTS), provides it with high flexibility in business development.

Our Capabilities

- Developing and manufacturing of differentiated complex generic pharmaceutical products. using proprietary technologies
- Strong R&D capabilities with more than 110 people in the R&D team.
- EU-GMP, WHO-GMP and ISO 9001 approved manufacturing facilities spread across 125,000 sq. ft.
- Well-diversified customer base of around 187 clients across 60 countries in Asia, Africa, CIS, LATAM, Middle East and SEA.
- Status of "Three Star Export House" accorded by DGFT.

Robust Drug Delivery Platforms

a. Modified Drug Release (Palletisation)

Being a niche technology, Palletisation requires the adoption of a unique manufacturing process. The end product is in the form of fine micro granules called pellets. The release of API through Pellets, administered via capsules, is done in a controlled manner and in required quantities.

This enables the Delayed Release, Dual Drug Release and Extended Release of a Drug in the human body. This timely discharge of pellets improves the drug's bioavailability in the body and circumvents the need to consume multiple dosages. This is more convenient for the patient as there is no need to remember the timing of dosage.

1 IBEF

b. Stability & Solubility Enhancement – Directly Compressible (DC) Granules

Stability & Solubility Enhancement (DC Granules) is carried out using robust technology such as co-crystallisation, micro emulsification, co-precipitation, inclusion, complexation, micellar solubilisation, adduct formation, nanotechnology and powder coating.

c. Taste Masking

ZIM has developed a highly cost-effective technology that can mask the taste of bitter products, including antibiotics, without affecting their shelf life and maintaining their dissolution and bioavailability requirements. Taste-masking techniques are applied to mask or overcome the bitter or unpleasant taste of APIS to achieve patient acceptability and compliance. This is key for patient groups such as paediatrics and geriatrics.

We use taste-masking techniques such as adding flavours, sweeteners, and amino acids. Other techniques include the use of polymer coatings; conventional granulation; Ion-exchange resins; and spray congealing with lipids, gelatine, liposomes, lecithins, surfactants, salts or polymeric membranes.

d. Dosage Transformation

ZIM has mastered dosage transformation through its Oral Thin Film Technology. Our recent Thinoral® technology produces thin film dosage form that dissolves instantaneously on the tongue. It obviates the need for water, thus enhancing the convenience of drug administration. So far, we have developed about products on this technology platform catering to the needs of pediatric, geriatric, dysphasic, mentally challenged, and bedridden patients. We are amongst a handful of companies in the world possessing this technology, with a significant number of products approved and commercialised.

Market footprints

Dosage Form	Registered	Applied	Pipeline	Total
Capsules	132	35	38	205
ODS	99	38	65	202
Suspension	19	13	12	44
Tablets	272	65	131	468
Registrations	522	151	246	919

Our Export Business

We primarily cater to the export market and have a growing presence mainly in the developing economies along with developed economies. This includes Asia, Africa, Middle East, LATAM and CIS. At ₹ 1,714 million, exports contributed 63% to our total revenues of ₹ 2,777 million in FY2020. This has partly offset the significant revenue volatility in the domestic tender based business arising from the sale to various government bodies, State Government hospitals, railway boards, and municipal corporations.

FINANCIAL REVIEW

Key Financial Ratios

Key Ratios	FY2019	FY2020		Reasons for variance more than 25%
Operating Profit Margin (%)	10.0%	5.2%	-48%	The effect on the operating profit margins are mainly due to increase in input cost coupled with revenue reduction majorly due to geopolitical issues, shortage of currency in the form of US Dollars in the various market
Net Profit Margin (%)	4.6%	1.2%	-74%	The effect of operating profit margin has extended to net profit margin.
Basic EPS	11.87	2.03	-83%	The reduction in Earnings Per Share (EPS) due to reduced profit after tax, as explained above.
Interest coverage ratio	3.08	1.01	-67%	The reduction is due to reduced EBIT margin and also due increase in debt for investments in Capex.
Return on Net worth (%)	10.7%	2.2%	-80%	The effect of net profit margin has extended to return on equity.
Return on Capital Employed (ROCE) (%)	13.7%	3.5%	-75%	The combined effect of increase in Debt due to additional capex and decrease in Net Margin
Current Ratio	1.25	1.26	1%	
Debt Equity Ratio	0.51	0.58	14%	
Debtors Turnover Ratio	3.58	3.24	-9%	
Inventory Turnover Ratio	2.99	2.57	-14%	

The Company recorded overall revenue growth of 7% (CAGR), of which the export business (PFI & Formulations) grew at a CAGR of 25%, leading to an improvement in gross margins. Moreover, the revenue share of export business increased from 47% to 63%. There was also a conscious reduction in deemed exports and domestic government business.

BUSINESS STRATEGY AND OUTLOOK

Over the years, there was the rapid growth in the Exports business, due to a consistent filing of products and Dossiers in various CIS, MENA, SEA countries including increased footprints in regulated markets like Canada, Brazil etc. These initiatives will continue our foray into existing and new markets in emerging and developed countries. There was a conscious reduction in our exposure to Deemed Exports and Domestic Government business due to low margins in Deemed Exports. Going forward, this will remain stable at FY20 levels

Strategic Outlook

Zim sees itself as a process innovation company creating several technology platforms going forward aimed at addressing patient convenience and adherence. The future trends favouring highly potent complex generic medicines and large molecule & biological formulations require new and novel modes of administration. The trend towards multi-busters and customised medicines have exciting opportunities for a pharmaceutical formulation process innovator, and we intend to develop further capabilities to meet these requirements through co-development partnerships.

In an age of continuous business disruptions and unpredictability, we are leveraging our formulation development capabilities to enter the co-development and out-licensing business as well as the nutraceutical market. We aim to build deep product pipeline in multiple markets and multiple business verticals by focusing on co-development particularly in the areas of oral solid complex generics, dosage transformation (OTF platform) and differentiated products for ourselves and our valued partners spread across all markets. On the back of our unique technology platform assets, we aim to develop unique proprietary non-infringing first to file products, which will provide long-term advantages for esteemed partners.

Further, by entering into supply partnerships with original product manufacturers and marketing companies globally across delivery platforms, our portfolio of delivery platforms for extending product lifecycle and specific customer targeting consists of unique offerings such as Multi-layer film technology, Electrospun nanofibers incorporated oral films, drug printed oral films, and liquid in pellets technology.

In the near future, we plan to leverage our current capabilities, in development, manufacturing and supply of various complex generic products under different dosage forms to increase our geographical footprint in the emerging markets both as semi-finished and finished formulations. We also plan to enter the regulated markets in the next three years - particularly with the differentiated product portfolio in partnership with leading marketing companies.

Key Risks & Concerns

1. **COVID-19 impact on supply chain**

   The first quarter of 2020 saw the disruption of many industries' supply chains in the wake of the COVID-19 pandemic. The pharmaceutical sector was no exception to this rule, with the manufacturing and distribution of key medicines severely impacted due to the varying availability of Active Pharmaceutical Ingredients (APIs). The manufacturing sector is split on the subject of moving production away from South-East Asia.

2. **Time-lag and cost of legal expenses**

   The risk of time lag creates hurdles in registration in regulated Markets which will eventually result in a delay in product launch along with an increase in the cost of legal formalities.

3. **Dependency for import of major API's from China**

   Several Indian industries have a significant direct dependence on supplies from China. Some of these products (imported from China) such as activated pharmaceutical ingredients (APIs) is a critical commodity, and any disruption in the supply over the long term could have far-reaching economic consequences for India. This has been mitigated through the stocks in hand as well as stock available with various traders but at a premium. Also, the program of alternate local vendor development for major API's will act as a catalyst for import substitution.

There is a general consensus that the post-COVID-19 world will accelerate localisation (import substitution) and affordability, fed by an urgent need to create local employment as far as pharma manufacturing in India's various export markets is concerned. These are strong headwinds for India's export markets. There is already a movement for localisation in several of India's pharma export markets. Further, several countries have risen as worthy competitors to India in the last few years, such as Bangladesh, Indonesia, Turkey etc. This will open an opportunity for an increase in the supply of PFI products to the countries adopting indigenisation.

RESEARCH & DEVELOPMENT

As a leading NDDS pioneer, we see tremendous value in investing in research & development (R&D). Our early commitment to R&D, beginning two decades ago, enabled us to make technology our key differentiator and develop a basket of robust products for diverse markets across the world. Today, we have attained a distinct peer position for delivering quality products within established timelines, at efficient costs without compromising on quality.

We have over 100 research scientists working in our R&D equipped with cutting-edge enabling technologies for research and development. Moreover, our knowledge in pharmaceutical research allows a rapid ramp-up of a diverse range of immediate and Novel Drug Delivery system. Our expertise enable us to cater to various formulation design needs and concepts.

The ability to develop difficult-to-make, complex APIs by using the latest technologies is the key differentiating factor of our research.

Our scientists work closely with our business development team to generate innovative concepts and ideas, exploiting both market needs and synergies across therapeutic areas. We invest over 5% of our revenues annually in research. Even as we focus on developing new technologies, we continuously monitor research efficiency.

Towards ODS

As a platform developer and an end-use medicine manufacturer, we have successfully carved a distinct position as a leading player in oral thin films as a technology platform. Because of this capability, we stand to sustain a "first mover" advantage for ourselves. We keep adding more enabling 'add on' features to our existing technology with our aggressive incremental innovation programme for this technology, which will favour further convenience and adherence.

Our products are better taste-masked with faster dissolution profiles, stable during shelf life and bioequivalent with the respective reference product of the target market. We have developed Mucostrip® technology that has some features of Thinoral® technology meant for the delivery of drugs through buccal or sublingual route for local or systemic action. During FY2019-20, we developed products based on this technology. The best use of the thin-film delivery system can be made by delivering molecules through the buccal or sublingual route.

We have made sound progress in preparing dossiers of pharma products and dossiers of nutraceutical products ready for submission into regulated and pharma-emerging markets such as Europe, Canada and Brazil.

We have successfully out-licensed our product dossiers for Europe, Canada and Brazil market at competitive terms. Beside, the Company has signed an exclusive marketing agreement with one of the Indian pharma majors for one of our novel products used in treating Alzheimer suffering patients, for which we earn royalty fees. Further, two of our patents were successfully granted last year in India and the United States, establishing us as an expert technology player within the thin-film technology domain.

Human Capital

During 2019-20, company has focused on improving process efficiency by capability building of people & by actively engaging the hi-pots.

For capability building & holistic development of our key talent we had organized a long term experiential learning program. It was designed & customized in collaboration with IIM (Indian Institute of Management) Nagpur, under the title LEAD (Leading the Enterprise through Advancement & Development). The objective was to put learning into action & give new perspective to our people, to broaden their horizon. As a result of this, many cost saving initiatives has been taken including atomization, manpower rationalization, reducing cycle time & wastage, energy conservation etc. Capability building has also helped in more in-house talent development thereby saving cost on hiring talent from outside.

Quality Circle is another people development initiative that was started by QA department, for improving PQS (Pharmaceutical Quality System) and redefining it as BMS (Business Management System).

Projects like Simplification of Systems and Processes, Process Improvements, Facility Upgradation, Production Planning & inventory management has been started.

A part from this all such performance focused initiatives are helping in retaining the top talent & hence decreasing trend has been seen in attrition compared to last year.

Further re-engineering of performance process , last year has helped organization in becoming more data driven thereby bringing more objectivity in the system & encouraging staff to develop more collaborative approach towards their internal customer. As on March 31, 2020, the Company had 518(staff) employee on its rolls, compared to 562(staff) employee as on March 31,2019.

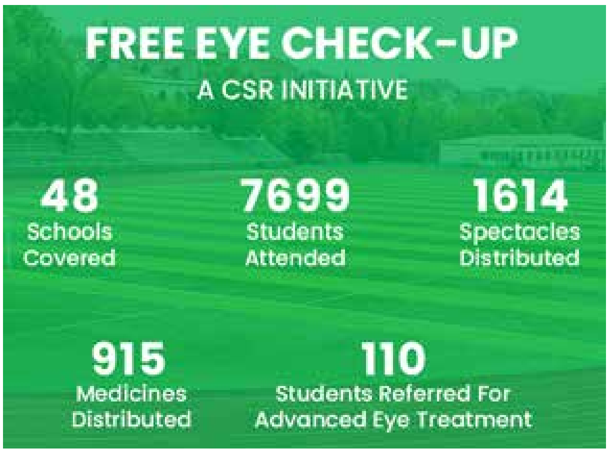
INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

The Company has adequate internal control systems in place, commensurate with the size and industry in which it operates. The Company's internal control framework supports the execution of the strategy and ensures regulatory compliance. The foundation for internal control is set by the risk management framework, financial control, internal audit and supporting policies. The aim of the internal control framework is to assure that operation are effective and well-aligned with the strategic goals. The internal control framework is intended to ensure correct, reliable, complete and timely financial reporting and management information, safeguard of company assets and ensure efficient productivity at all levels. The framework endorses ethical values, good corporate governance and risk management practices.

The Company's internal audit function independently scrutinises critical audit areas, based on audit plans that are approved by the Audit Committee. The plans are formulated on the basis of a risk evaluation exercise to assess relatively riskier areas. Significant Internal Audit findings are periodically reviewed by Management and Audit Committee and corrective action plan suggested by them are implemented by the respective process owner of the business units and thereby strengthen the Internal Control.

CAUTIONARY STATEMENT

The document contains statements about expected future events, financial and operating results of ZIM Laboratories Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking 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' Annual Report, FY2020.




Zeal & Innovation in Medicine
Statutory Reports &
Financial Statements

Board Report

The Board of Directors of your Company has pleasure in presenting the Board Report pursuant to Section 134(3) of the Companies Act, 2013 comprising the prescribed particulars and information as per the Companies (Management and Administration) Rules, 2014 and Companies Accounts Rules, 2014 in respect of year ended 31.03.2020 as follows:-

a) Number of Meetings of the Board : 08

b) Directors' Responsibility Statement:-

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

i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

iv) the directors had prepared the annual accounts on a going concern basis ;

v) the directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and 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 Sub Section 6 of Section 149 :-

The Company has received necessary declarations from each Independent Director under section 149(7) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

d) Nomination and Remuneration Policy:-

The Composition of Nomination and Remuneration Committee is as follows :

i) Dr. V. V. Parashar – Chairman.

ii) Dr. Naresh Gaikwad

iii) Mrs. Kavita Loya

iv) Dr. Anwar Siraj Daud, Chairman of the Board.

The criteria laid down in the Companies Act, 2013 and Rules framed there-under are complied with while appointing the Directors particularly Independent Directors. The Nomination and Remuneration Policy has been formulated and approved by the Nomination and Remuneration Committee, Placed as Annexure IV.

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

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

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

a) Loan : NIL

b) Guarantee : NIL

c) Investment : ₹ 354.09 Lakhs

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

During the year, no transaction with related parties was in conflict 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 at 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 V to the Board's Report.

h) The state of Company's affairs:-

This part has been covered under Management Discussion & Analysis Report

i) The amount proposed to be carried to reserve : NIL

j) The amount of dividend payment recommended : NIL

k) Material changes and commitments, if any affecting the financial position of the company which have occurred between the end of the financial year and the date of the report. : NIL

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

A. Conservation of energy :

(i) The steps taken or impact on conservation of energy;

Your company is striving continuously to conserve every form of energy by adopting innovative measures to reduce wastage and optimize consumption. Notable measures for energy conservation were as follows:

- Electrical light fixtures have been changed to LED/Induction fixtures.
- Lights have been converted to day-night sensors for auto ON/OFF.
- Lights within the factory premises have been shifted to motion/presence sensor for auto ON/OFF.
- All lightings of the Packing Material (PM) warehouse have been shifted to an on-grid solar system.
- Air Conditioners have been put on auto control synchronization for energy saving.

(ii) The steps taken by the Company for utilizing alternate sources of energy; The PM warehouse have been shifted to an on-grid solar system in place of conventional power source from MSEB.

(iii) The capital investment on energy conservation equipments ; ₹ 0.63 Lakhs

B. Technology Absorption: -

i) The efforts made towards technology absorption:	1) The inclusion of Fluid Bed Processor (from Glatt) will significantly improve the process timing which will improve the yield of the products. 2) 15 products are being developed under co-development projects for emerging markets. 3) Research is underway for development, evaluation and standardization of solid oral dosage forms such as pellets/MUPs, DC granules, taste masked granules and orally disintegrating strips for gastro-intestinal, cardiovascular and urological disorders apart from antibiotics.
ii) The benefits derived like product improvement, cost reduction, product development or import substitution	The above efforts helped to maintain relevance with existing clients and offer them value added products. Value was created by offering evaluation of ZIM's product against the innovator product analytical data package, stability data package and clinical data package. To mitigate the risk of sourcing API for top selling products, initiatives on alternate vendor qualification were also undertaken during the year. Alternate vendor development was initiated to mitigate cost fluctuations, risk of uninterrupted supply and the risk of sourcing API and excipients for top products.
iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):	
a. The details of technology imported	Cartonator for Secondary Packing of the products.
b. The year of import	FY 2019-20
c. Whether the technology has been fully absorbed	Yes
d. If not fully absorbed, areas where absorption has not taken place, and the reasons there of.	Not applicable
iv) The expenditure incurred on Research and Development	Revenue expenses ₹ 1,451.73 lakhs Capital expenses ₹ 70.72 lakhs

C) Foreign Exchange earnings and outgo :

i) Foreign exchange earned during the year : ₹ 16,967.52 Lakhs

ii) Expenditure in foreign exchange : ₹ 1,280.00 Lakhs

m) Risk Management Policy :

This part has been covered under Management Discussion & Analysis Report.

n) Corporate Social Responsibility (CSR) :-

The Composition of Corporate Social responsibility Committee is as follows :

(i) Mr. Suprakash Chakravarty – Chairman.

(ii) Mr. Padmakar S. Joshi

(iii) Dr. Anwar Siraj Daud

(iv) Mr. Zulfiquar M. Kamal

The policy approved by the Board is as follows:-

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

Annual Report on CSR Activities to be included in the Board Report is attached in ANNEXURE – II

o) 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 also of its committees and individual Directors. The evaluation was done by the Board after seeking inputs 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 shouldered, interpersonal relationships and analytical decision making ability were taken into consideration. In Compliance with regulation 17(10) of the listing regulations, the Board carried out performance evaluation of Independent Directors without the participation of the Directors being evaluated.

The Performance Evaluation of the Chairman and Managing Director was carried out by the Independent Directors. 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.

p) Financial Highlights

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	FY 2020	FY 2019	FY 2020	FY 2019
Revenue	27,431.97	33,172.14	27,773.92	33,537.03
Other Income	465.65	204.94	452.08	204.94
Total Income	27,897.62	33,377.08	28,226.00	33,741.97
Operating expenditures	25,453.76	28,929.87	25,512.53	29,334.02
Profit before interest, depreciation and tax	2,443.86	4,447.21	2,713.47	4,407.95
Less : Finance costs	1,265.45	1,059.08	1,265.45	1,059.08
Depreciation and amortisation	1,327.15	1,114.28	1,441.16	1,141.83
Profit/(Loss) before tax	(148.74)	2,273.85	6.86	2,207.04
Tax expense	(322.80)	672.85	(322.80)	672.85
Profit/(Loss) after tax	174.06	1,601.00	329.66	1,534.19
Opening balance in Retained Earnings	9,253.79	7,792.01	9,252.37	7,857.40
Less : Adjustment towards lease payments	3.63	-	3.63	-
Add : Adjustment towards fair value of ESOP	52.65	-	52.65	-
Profit available for appropriation	9,476.87	9,393.01	9,631.05	9,391.59
Less : Appropriations				
Dividend	80.90	80.60	80.90	80.60
Dividend distribution tax	16.63	16.57	16.63	16.57
Transfer from other comprehensive income	26.96	42.05	26.96	42.05
Closing balance in Retained Earnings	9,352.38	9,253.79	9,506.56	9,252.37

q) Change in nature of business if any. : NIL

r) The details of Directors or Key Managerial Personnel who were appointed or have resigned during the year :

Sr. No.	Name of KMP	Date of Appointment
1	Mr. Shyam Mohan Patro	01.04.2019

s) Names of Companies which have become its subsidiaries, during the year.:

1 ZIM HEALTH TECHNOLOGIES LIMITED

2 SIA ZIM LABORATORIES LIMITED

t) Details relating to deposits covered under Chapter V of the Act. : NIL

u) The details of deposits which are not in compliance with the requirements of Chapter V of the Act. :
Company has not accepted any deposits during the year.

v) The details of significant and material orders passed by the regulators or courts or tribunals impact the going concern status and Company's operations in future. : NIL

w) The details in respect of adequacy of internal financial controls with reference to the financial statements. :
The details are separately covered under Management Discussion & Analysis Report.

x) Details of Employee Stock Option Scheme as on 31.03.2020

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

i)	Option Granted	:	1,83,665
ii)	Option vested	:	1,83,665
iii)	Option Exercised	:	1,22,449
iv)	The total number of shares arising as a result of exercise of option	:	1,22,449
v)	Option Lapsed	:	NIL
vi)	The exercise price	:	₹ 10/-
vii)	Variation of terms of options	:	NIL
h)	Money realised by exercise of option	:	₹ 12,24,490.00
i)	Total number of options in force	:	61,216

y) Report on performance and financial position of wholly-owned subsidiaries viz ;

1. ZIM Laboratories FZE, Sharjah.
2. ZIM Health Technologies Limited, India
3. SIA ZIM Laboratories Limited, Latvia

During the year 2019-20 :

- There has been an increase in the paid-up capital of the ZIM Laboratories FZE.
- ZIM Health Technologies Limited was acquired thereby resulting as a wholly owned subsidiary of the company
- SIA ZIM Laboratories Limited has been incorporated as a wholly owned subsidiary in Latvia.

In compliance with the first proviso to section 129(3) of the Companies Act, 2013 and Rule 5 and 8(1) of 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 VIII.

z) 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 & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is the summary of sexual harassment complaints received and disposed off during the year 2019-20.

No. of complaints received: NIL

No. of complaints disposed off: NIL

Board Report

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.

Particulars of Employees and Related Disclosures

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as Annexure VII.

Extract of the Annual Return in Form MGT-9

Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of annual return is annexed as "Annexure I"

Acknowledgements

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

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

For and on behalf of the Board of Directors

Place : Nagpur
Date : 05.09.2020

(Anwar Siraj Daud)
Chairman
DIN : 00023529

Annexure - I

Form MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2020

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L99999MH1984PLC032172
ii)	Registration Date	:	14.02.1984
iii)	Name of the Company	:	ZIM Laboratories Limited
iv)	Category/Sub--Category of the Company	:	Public Limited Company limited by shares
v)	Address of the Registered Office and contact details	:	Sadoday Gyan (Ground Floor) Opp. NADT, Nelson Square, NAGPUR – 440 013
vi)	Whether listed company (Yes/No)	:	Yes
vii)	Name, Address and Contact details of of Registrar and Transfer Agent, if any.	:	Link Intime India Pvt. Ltd. C--101, 247 Park, L.B.S. Marg, Vikhroli(West), Mumbai –400 083

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Pharmaceuticals	C 6 21002	100%

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

Sr. No.	Name and address of the Company	CIN/GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
1	ZIM Laboratories FZE, Sharjah	NA	Subsidiary	100%	186
2	SIA ZIM Laboratories Limited, Latvia	NA	Subsidiary	100%	186
3	ZIM Health Technologies Limited, India	U24100MH2009PLC193240	Subsidiary	100%	186

Annexure - I

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	54,02,660	0	54,02,660	33.52	54,02,660	0	54,02,660	33.39	(0.13)
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) StateGovt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):	**54,02,660**	**0**	**54,02,660**	**33.52**	**54,02,660**	**0**	**54,02,660**	**33.39**	**(0.13)**
(2) Foreign									
a) NRIs– Individuals	-	-	-	-	-	-	-	-	-
b) Other–Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI)									
e) Any Othe	-	-	-	-	-	-	-	-	-
Sub total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**54,02,660**	**0**	**54,02,660**	**33.52**	**54,02,660**	**0**	**54,02,660**	**33.39**	**(0.13)**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance	-	-	-	-	-	-	-	-	-
g) Companies	-	-	-	-	-	-	-	-	-
h) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture capital fund	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(1):	-	-	-	-	-	-	-	-	-
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	7,10,756	1,22,500	8,33,256	5.17	7,83,658	93,700	8,77,358	5.42	0.25
i) Overseas	35,65,304	0	35,65,304	22.12	35,65,304	0	35,65,304	22.03	(0.09)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1lakh	3,64,428	10,71,900	14,36,328	8.91	4,49,512	7,88,910	12,38,422	7.65	(1.26)

Annexure - I

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	37,69,377	81,876	38,51,253	23.89	38,10,756	20,540	38,31,296	23.68	(0.21)
c) Others (specify)									
(i) IEPF	--	--	--	--	2,02,910	0	2,02,910	1.25	1.25
(ii) Foreign National	0	4,31,736	4,31,736	2.68	4,31,736	0	4,31,736	2.67	(0.01)
(iii) HUF	7,410	0	7,410	0.05	6,996	0	6,996	0.04	(0.01)
(iv) NRI (Non Repat)	1,835	0	1,835	0.01	3,135	0	3,135	0.01	0.00
(v) NRI(Repat)	2,34,949	1,98,500	4,33,449	2.69	2,36,964	1,81,000	4,17,964	2.58	(0.11)
(vi) Other Directors/ Relatives	1,51,000	2,900	1,53,900	0.95	2,01,000	1,200	2,02,200	1.25	0.30
(vii) Clearing Member	2,375	0	2,375	0.01	741	0	741	0	(0.01)
Sub-total (B)(2):	**88,07,434**	**19,09,412**	**107,16,846**	**66.48**	**92,60,976**	**15,17,086**	**107,78,062**	**66.61**	**0.13**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**88,07,434**	**19,09,412**	**107,16,846**	**66.48**	**92,60,976**	**15,17,086**	**107,78,062**	**66.61**	**0.13**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**1,42,10,094**	**19,09,412**	**1,61,19,506**	**100**	**146,63,636**	**15,17,086**	**161,80,722**	**100**	**-**

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares	%of total Shares of the company	% of Shares Pledged/ en-cumbered to total shares	**No. of Shares	%of total Shares of the company	%of Shares Pledged/ encum-bered to total shares	
1	Dr. Anwar Siraj Daud	44,45,440	27.578	00	44,45,440	27.474	00	(0.11)
2	Mrs. Tasneem Daud	10,000	0.062	00	10,000	0.062	00	0.00
3	Mr. Zulfiquar M. Kamal	3,98,020	2.469	00	3,98,020	2.460	00	(0.01)
4	Mr. Hasan Z. Kamal	34,800	0.216	00	34,800	0.215	00	0.00
5	Mrs. Sabbah Kamal	5,00,000	3.101	00	5,00,000	3.090	00	(0.01)
6	Mrs. Zahida Kamal	400	0.002	00	400	0.002	00	0.00
7	Mr. Shabbar Daud	14,000	0.087	00	14,000	0.087	00	0.00
	Total	**54,02,660**	**33.516**	**00**	**54,02,660**	**33.390**	**00**	**0.13**

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

Sl No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	%of total Shares of the company	No. of Shares	%of total Shares of the company
	At the beginning of the year	54,02,660	33.516	54,02,660	33.516
	Date-wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/bonus/sweat equity etc.):	NIL	NIL	NIL	NIL
	At the End of the year	54,02,660	33.390	54,02,660	33.390

Annexure - I

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

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	%of total Shares of the company	No. of Shares	%of total Shares of the company
1	**AA Development Capital India Fund 1, LLC**				
	At the beginning of the year	35,65,304	22.118	35,65,304	22.118
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	35,65,304	22.034	35,65,304	22.034
2	**Mr. Zakir Vali**				
	At the beginning of the year	28,49,140	17.675	28,49,140	17.675
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	28,49,140	17.608	28,49,140	17.608
3	**Bonanza Business Services Private Limited**				
	At the beginning of the year	4,80,000	2.978	4,80,000	2.978
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	4,80,000	2.967	4,80,000	2.967
4	**Mr. Anil Dhedia**				
	At the beginning of the year	4,10,000	2.543	4,10,000	2.543
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	4,10,000	2.534	4,10,000	2.534
5	**Dr. Iguer Abdelmounaim**				
	At the beginning of the year	3,88,560	2.410	3,88,560	2.410
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	NIL	NIL	NIL	NIL

Annexure - I

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	%of total Shares of the company	No. of Shares	%of total Shares of the company
	At the End of the year (or on the date of separation, if separated during the year)	3,88,560	2.401	3,88,560	2.401
6	**Mr. Devang Parekh**				
	At the beginning of the year	3,66,000	2.271	3,66,000	2.271
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	3,66,000	2.262	3,66,000	2.262
7	**Saif Health Remedies Pvt. Ltd.**				
	At the beginning of the year	2,14,522	1.331	2,14,522	1.331
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	16,568 13.03.2020 (Transfer)	0.097	2,31,090	1.428
	At the End of the year (or on the date of separation, if separated during the year)	2,31,090	1.428	2,31,090	1.428
8	**Mrs. Fatima Shakirbhai Vali**				
	At the beginning of the year	1,20,820	0.750	1,20,820	0.750
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	1,000 19.04.2019 (Transfer)	0.003	1,21,820	0.753
	At the End of the year (or on the date of separation, if separated during the year)	1,21,820	0.753	1,21,820	0.753
9	**Mr. Sanjay Kumar Singh**				
	At the beginning of the year	1,00,000	0.620	1,00,000	0.620
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	1,00,000	0.618	1,00,000	0.618
10	**Prakash Sapkal**				
	At the beginning of the year	75,600	0.469	75,600	0.469
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	25,000 22.05.2019 ESOS Shares issued on	0.153	1,00,600	0.622
	At the End of the year (or on the date of separation, if separated during the year)	1,00,600	0.622	1,00,600	0.622

Annexure - I

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	%of total Shares of the company	No. of Shares	%of total Shares of the company
1	**Dr. Anwar Siraj Daud**				
	At the beginning of the year	44,45,440	27.578	44,45,440	27.578
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	NIL	NIL	NIL	NIL
	At the End of the year	44,45,440	27.474	44,45,440	27.474
2	**Mr. Zulfiquar M. Kamal**				
	At the beginning of the year	3,98,020	2.469	3,98,020	2.469
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	NIL	NIL	NIL	NIL
	At the End of the year	3,98,020	2.460	3,98,020	2.460
3	**Mr. Riaz Ahmed Kamal**				
	At the beginning of the year	3,400	0.021	3,400	0.021
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	NIL	NIL	NIL	NIL
	At the End of the year	3,400	0.021	3,400	0.0210
4	**Mr. Niraj Dhadiwal**				
	At the beginning of the year	75,400	0.468	75400	0.468
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	25,000 22.05.2019 ESOS Shares issued on	0.152	1,00,400	0.620
	At the End of the year	1,00,400	0.620	1,00,400	0.620
5	**Mr. Prakash Sapkal**				
	At the beginning of the year	75,600	0.469	75600	0.469
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	25,000 22.05.2019 ESOS Shares issued on	0.153	1,00,600	0.622
	At the End of the year	1,00,600	0.622	1,00,600	0.622
6	**Dr. Naresh Gaikwad**				
	At the beginning of the year	400	0.002	400	0.002
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	NIL	NIL	NIL	NIL
	At the End of the year	400	0.002	400	0.002

Annexure - I

Sl No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	%of total Shares of the company	No. of Shares	%of total Shares of the company
7	**Dr. V.V. Parashar**				
	At the beginning of the year	800	0.005	800	0.005
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	NIL	NIL	NIL	NIL
	At the End of the year	800	0.005	800	0.005
8	**Mr. Suprakash Chakravarty**				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL
9	**Ms. Kavita Loya**				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL
10	**Mr. Padmakar S. Joshi**				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc.):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

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

(Figures in ₹ lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	7,417.99	302.44	-	7,720.43
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	58.56	2.34	-	60.90
Total (i+ii+iii)	**7,476.55**	**304.78**	**-**	**7,781.33**
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	1,477.19	(263.84)	-	1,213.35

(Figures in ₹ lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Net Change	**1,477.19**	**(263.84)**	**-**	**1,213.35**
Indebtedness at the end of the financial year				
i) Principal Amount	8,944.36	40.66		8,985.02
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	9.38	0.28		9.66
Total (i+ii+iii)	**8,953.74**	**40.94**		**8,994.68**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Figures in ₹ lacs)

		Name of MD / WTD / Manager					
Sl No.	**Particulars of Remuneration**	**Mr. Anwar S. Daud**	**Mr. Riazahmed K. Kamal**	**Mr. Zulfiquar Kamal**	**Mr. Prakash Sapkal**	**Mr. Niraj Dhadiwal**	**Total Amount**
1	Gross salary	100.00	24.00	65.00	49.00	50.00	288.00
	(a) Salary as per provisions contained in section 17(1) of the Income--tax Act, 1961						
	(b) Value of perquisites u/s 17(2)Income--tax Ac, 1961						
	(c) Profits in lieu of salary undersection17(3) Income--taxAct,1961						
2	Stock Option	-	-	-	0.62	0.62	1.24
3	Sweat Equity	-	-	-	-	-	-
4	Commission						
	- as % of profit	-	-	-	-	-	-
	- others, specify						
5	Others, please specify	-	-	-	-	-	-
Total(A)		**100.00**	**24.00**	**65.00**	**49.62**	**50.62**	**289.24**
Ceiling as per the Act		**240.00**	**240.00**	**240.00**	**240.00**	**240.00**	**1200.00**

Annexure - I

B. Remuneration paid to other Directors:

(Figures in ₹ lacs)

Sl No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. Naresh Gaikwad	Dr. V. V. Parashar	Mr. Suprakash Chakravarty	Ms. Kavita Loya	Mr. Padmakar Joshi	
1	Independent Directors • Fee for attending board committee meetings • Commission • Others, please specify Remuneration	1.00	1.00	1.00	6.00	1.00	10.00
	Total(1)	**1.00**	**1.00**	**1.00**	**6.00**	**1.00**	**10.00**
2	Other Non - Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL
Total(2)		**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
Total(B) = (1+2)		**1.00**	**1.00**	**1.00**	**6.00**	**1.00**	**10.00**
Total Managerial Remuneration				**₹ 299.24 lacs.**			
Overall Ceiling as per the Act				**₹ 1200.00 lacs**			

C. Remuneration to key Managerial personnel other than MD/ Manager/WTD:

(Figures in ₹ lacs)

Sl No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	Chief Financial Officer	Total
1	Gross salary	15.00	52.49	67.49
	(a) Salary as per provisions contained in section 17(1)of the Income--tax Act,1961			
	(b) Value of perquisites u/s17(2)Income tax			
	(c) Act,1961			
	(d) Profits in lieu of salary under section 17(3) Income tax Act,1961	-	-	-
2	Stock Option			
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify			
5	Others, please specify	-	-	-
Total		**15.00**	**52.49**	**67.49**

Annexure - I

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

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

- **Disclosure under regulation 34(3) and 53(f)**

Related Party Disclosure:

During the year, no transaction with related parties was in conflict 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 pricing basis. Statements of transactions with related parties are periodically placed before the Audit Committee and are approved.

Annexure - II

THE ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2019-20

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken.

   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 health, education, environment protection, water management and disaster relief as the areas where assistance is provided on a need-based and case-to-case basis. Your Company persisted with participation in such activities at the local, grass root level during the year.

2. The composition of the CSR Committee:
   - Mr. Suprakash Chakravarty - Chairman
   - Mr. Padmakar S. Joshi, Member
   - Dr. Anwar Siraj Daud, Member
   - Mr. Zulfiquar M. Kamal, Member

3. Average net profit of the company for last three financial years : ₹ 1970.54 Lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as item 3 above) : ₹ 39.41 Lakhs

5. Details of CSR spent during the financial year :

   (a) Total amount to be spent for the financial year. : ₹ 39.41 Lakhs

   (b) Amount Spent : ₹ 25.38 Lakhs

   (c) Amount unspent, if any. : ₹ 14.03 Lakhs

   (d) Manner in which the amount spent during the financial year is detailed below :

(1) Sr. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken.	(5) Amount outlay (budget) project or programs-wise	(6) Amount spent on the projects or programs sub-heads. (1) Direct expenditure on projects or programs (2) Over-heads:	(7) Cumulative expenditure upto the reporting period.	(8) Amount spent Direct or through implement-ting agency*
i)	Financial Support to Shums Girls Urdu Primary School for meeting the expenses of repair and renovation work of school building.	Education Sector	Local Area, Dist. Nagpur State Maharashtra	₹ 11,75,231.44	₹ 11,75,231.44	₹ 11,75,231.44	Amount spent through Implementing Agency: Women's Education Society
ii)	Support for rejuvenation of the water bodies	Water conservation	Local Area, Dist. Nagpur State Maharashtra	₹ 1,20,000.00	₹ 1,20,000.00	₹ 1,20,000.00	Directly by the company
iii)	Financial Assistance for sponsoring the tuition fees of economically poor students	Education Sector	Local Area, Dist. Nagpur State Maharashtra	₹ 55,315.00	₹ 55,315.00	₹ 55,315.00	Amount spent through Implementing Agency: Beharilal Khandelwal Comprehensive Public School
iv)	Financial Assistance to visually impaired students for buying school uniforms and shoes.	Education Sector	Local Area, Dist. Nagpur State Maharashtra	₹ 50,000.00	₹ 50,000.00	₹ 50,000.00	Amount spent through Implementing Agency: Rastriya Drushtihin Shikshan & Punarvasan Sanstha

(1) Sr. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken.	(5) Amount outlay (budget) project or programs-wise	(6) Amount spent on the projects or programs sub-heads. (1) Direct expenditure on projects or programs (2) Over-heads:	(7) Cumulative expenditure upto the reporting period.	(8) Amount spent Direct or through implement-ting agency*
v)	Financial aid for Scholarships of economically poor students	Education Sector	Local Area, Dist. Nagpur State Maharashtra	₹ 2,00,000.00	₹ 2,00,000.00	₹ 2,00,000.00	Amount spent through Implementing Agency : Millat Education & Social Welfare Association
vi)	Supply of life saving equipment (Ventilator) for Covid-19 treatment	Health care Sector	Local Area, Dist. Nagpur State Maharashtra	₹ 9,37,500.00	₹ 9,37,500.00	₹ 9,37,500.00	Directly by the company
Total				**₹ 25,38,046.44**	**₹ 25,38,046.44**	**₹ 25,38,046.44**	

Details of implementing agency are as follows :

a) Women's Education Society, Nagpur

b) Beharilal Khandelwal Comprehensive Public School, Vivekananda Nagar Kanhan

c) Rashtriya Drushtihin Shikshan & Punarvasan Sanstha Hingna, Nagpur

d) Millat Educational and Social Welfare Association, Shantinagar, Nagpur

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report:
The company could not identify a suitable proposal for CSR activities for the balance amount and, therefore, the balance amount could not be sent during the year.

7. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Date : 05.09.2020
Place : Nagpur

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

(Suprakash Chakravarty)
Chairman (CSR Committee)
DIN : 03010382

Annexure III

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

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

To,
The Members,
ZIM Laboratories Limited

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

Based on my verification of the company's books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not Applicable for the period under review**

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable for the period under review**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **Not Applicable for the period under review**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable for the period under review**

(i) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015

I have also examined, on test check basis, the relevant documents and records maintained by the Company with respect to industry specific laws applicable to the company as confirmed by the management.

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

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

During my audit period it was observed from the records of the company that there is delay in compliance with the provision of Section 124 of the Companies Act, 2013 with respect to unpaid/unclaimed dividend for the Financial year 2011-12. The company has not transferred un-claimed/unpaid dividend amounting Rs. 6.32 lacs to Investor Education and Protection Fund Account pertaining to Financial Year 2011-12. The aforesaid unpaid dividend has not been transferred due to administrative issues faced by the Bankers of the company.

I further report that :

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. 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.

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

3. On verification of 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 carried through.

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

   I further report that the Board of Directors in its Board Meeting held on 06.02.2019 had approved raising funds upto Rs. 50 Crore by issue of Non-Convertible Debentures (NCD) subject to approval of shareholders. The Shareholders in the Extraordinary General Meeting held on 25.03.2019 had approved raising of funds upto Rs. 50 Crore by issue of Non-Convertible Debentures by passing Special Resolution. The Board after the approval of shareholders have allotted 3,500 Secured, Redeemable, Non-convertible Debentures at the Face value of Rs. 1,00,000 amounting Rs. 35.00 Crores to UTI Structured Debt Opportunities Fund I at its Board meeting held on 09.04.2019.

   I further report that during the Financial Year company has allotted 61,216 Equity shares to employees of the company on exercising options under ZIM Laboratories Limited Employee Stock Option Scheme, 2015.

   This Report is to be read with my letter of even date which is enclosed as Annexure - 1 and forms integral part of this Report.

Place: Nagpur
Date: 29.08.2020

(CS Roshni Jethani)
Company Secretary in Practice
Membership No. 48849
COP No. 17722
UDIN: A048849B000633631

ANNEXURE-1

(TO THE SECRETARIAL AUDIT REPORT OF ZIM LABORATORIES LIMITED FOR YEAR ENDED MARCH 31, 2020).

To,
The Members,
ZIM Laboratories Limited.

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records based on my audit. Due to Lockdown on account of the continuing Covid-19 pandemic, I was not able to receive, physically examine and verify certain information. However, in such cases, I have taken declaration from the management regarding the said compliances.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, I have obtained the management representation letter about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Nagpur
Date: 29.08.2020

(CS Roshni Jethani)
Company Secretary in Practice
ACS No. 48849
COP No. 17722

Annexure - IV

Nomination and Remuneration Policy of ZIM Laboratories Limited

INTRODUCTION:

Nomination and Remuneration Policy is pursuant to section 178(4) of Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015. The policy on appointment and remuneration of Directors, Key Management Personnel and Senior Management provides an underlying basis and guide for human resource management, thereby aligning plans for strategic growth of the Company.

SECTION I

1. **Objective and Purpose of The Policy:**

   Objectives and Purpose of the Policy are:

   - To guide the Board in relation to appointment, retention and removal of Directors, Key Managerial Personnel and Senior Management.
   - To formulate the criteria for determining Qualification, Competencies, Positive Attributes and Independence for appointment of Directors, Key Managerial Personnel and Senior Management.
   - To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
   - To recommend to the Board on remuneration or increase in remuneration as may be payable to the Directors, Key Managerial Personnel and Senior Management.
   - To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
   - To devise a policy on Board diversity.
   - To develop a succession plan for the Board and to regularly review the plan.

2. **Constitution and Composition of the Committee:**

   The Board has constituted a Nomination and Remuneration Committee in line with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which oversees the functions related to appointment and remuneration of Directors, Key Managerial personnel and senior management.

   Board of Directors has authority to reconstitute this committee from time to time.

3. **Definitions:**

   - "Act' means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
   - 'Board' means Board of Directors of the Company.
   - 'Committee' means the Nomination and Remuneration Committee.
   - 'Directors' mean Directors of the Company.
   - 'Key Managerial Personnel' means Chief Executive Officer and Managing Director, Whole-time Director, Chief Financial Officer, Company Secretary; and such other officer as may be prescribed under the Act.
   - 'Senior Management' means personnel of the Company who are members of its core management team excluding the Board of Directors and normally this shall comprise of all management one level below the CEO, MD, WTD and shall specifically include Company Secretary and Chief Financial Officer.

Annexure - IV

SECTION II

This section covers the duties of the committee in relation to various matters and recommendations to be made by the Committee to the Board.

Duties and Role of Committee.

Matters to be dealt with, perused and recommended to the Board by the Committee shall include-

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending candidates to the Board, when circumstances warrant the appointment of a new Director, having regard to the range of skills, experience and expertise, on the Board and who will best complement the Board.
- Identifying persons who are qualified to become Director and persons who may be appointed in Key Managerial positions and senior Management in accordance with the criteria laid down in this policy.
- Recommending to the Board, appointment, reappointment and removal of Director, Key Managerial Personnel and Senior Management Personnel.
    - Determining the appropriate size, diversity and composition of the Board.
    - Setting a formal and transparent procedure for selecting new Directors for appointment to the Board.
    - Ensuring that there is an appropriate induction in place for new Directors and reviewing its effectiveness.
    - Developing a succession plan for the Board and Senior Management and regularly reviewing the plan.
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance, industry benchmarks and compliance.
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Considering any other matters, as may be requested by the Board.

Remuneration of Directors, KMP's and other employees.

- The Committee is responsible for reviewing and making recommendations to the Board on the remuneration of the Managing Director, Whole-Time Director and KMPs;
- Considering and determining the Remuneration Policy, based on performance with a reasonable and sufficient need to attract, retain and motivate members of the Board;
- The remuneration policies for all employees including KMPs, senior Management and other employees including base pay, incentive payments, equity awards, retirement rights and service contracts;
- To approve the remuneration of Directors, Key Managerial Personnel and Senior Management of the Company by maintaining a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company, and its growth strategy;
- To consider any other matters as may be requested by the Board.

SECTION III

This section covers the Policy for appointment, term and retirement of Director and Key Managerial Personnel by the Committee.

Annexure - IV

Appointment Criteria and Qualifications

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel and Senior Management and recommend to the Board his/her appointment.
- A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.
- The Company shall not appoint any person as Managing Director, Whole-time Director or Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Term /Tenure

- Managing Director/Whole-time Director: The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding such term as may be specified under the Act. No reappointment shall be made earlier than one year before the expiry of term, and which shall be done with the approval of the shareholders of the Company.
- Independent Director - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

Evaluation

- The Committee shall carry out evaluation of performance of every Director at regular intervals and at least on an annual basis.

Removal

- Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, Key Managerial Personnel or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

Retirement

- The Director, Key Managerial Personnel and Senior Management shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director or Key Managerial Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company

SECTION IV

This Section of the Policy covers provisions relating to the Remuneration for the Director, Key Managerial Personnel and Senior Management Personnel.

General

- The remuneration to the Whole-time Director and Key Managerial Personnel will be determined by the Committee and recommended to the Board for approval. Wherever required, the remuneration/ compensation/ commission etc. shall be subject to approval of the shareholders of the Company and Central Government.

Annexure - IV

- The remuneration and commission including increments recommended to be paid to the Whole-time Director shall be in accordance with the percentage/ slabs/ conditions laid down as per the provisions of the Act. These would be subject to approval of the shareholders of the Company.

Remuneration to Whole-time / Executive / Managing Director and Key Managerial Personnel

a) Fixed pay: The Whole-time Director/Managing Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board and approved by the shareholders and Central Government, wherever required. The Committee shall approve the remuneration for the Key Managerial Personnel.

b) Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Long-term rewards: These long-term rewards are linked to contribution to the performance of the Company based on relative position of the personnel in the organisation. These rewards could be in the form/nature of stock options and are based on level of employees and their criticality.

d) Provisions for excess remuneration: If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration to Non-Executive/ Independent Director:

a) Remuneration/Commission: The remuneration/commission shall be fixed as per the limits mentioned in the Act, subject to approval from the shareholders as applicable.

b) Stock Options: An Independent Director shall not be entitled to any stock option of the Company.

Amendments and Updates

The Nomination and Remuneration Committee periodically shall review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate, which shall be in accordance with the provisions of the Companies Act, 2013. In case of any modifications, amendments or inconsistencies with the Act, the provisions of the Act and the rules made there under would prevail over the Policy.

Anneure - V

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 into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under fourth proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis: The Company has not entered into any contract/arrangement/transaction with its related parties, which is not in ordinary course of business or at arm's length during FY 2020. The Company has laid down policies and processes/procedures so as to ensure compliance to the subject section in the Companies Act, 2013 (Act) and the corresponding Rules. In addition, the process goes through internal checking, followed by quarterly reporting to the Audit Committee.

(a)	Name(s) of the related party and nature of relationship	: Not Applicable
(b)	Nature of contracts/arrangements/transactions	: Not Applicable
(c)	Duration of the contracts/arrangements/transactions	: Not Applicable
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	: Not Applicable
(e)	Justification for entering into such contracts or arrangements or transactions	: Not Applicable
(f)	Date(s) of approval by the Board	: Not Applicable
(g)	Amount paid as advances, if any	: Not Applicable
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	: Not Applicable

2. Details of material contracts or arrangement or transactions at arm's length basis

(a)	Name(s) of the related party and nature of relationship	: Not Applicable
(b)	Nature of contracts/arrangements/transactions	: Not Applicable
(c)	Duration of the contracts/arrangements/transactions	: Not Applicable
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	: Not Applicable
(e)	Date(s) of approval by the Board, if any	: Not Applicable
(f)	Amount paid as advances, if any	: Not Applicable

Note: All related party transactions are benchmarked for arm's length, approved by Audit Committee. The above disclosures on material transactions are based on threshold of 10 percent of consolidated turnover and considering wholly owned subsidiaries are exempt for the purpose of Section 188(1) of the Act.

Annexure - VI

CORPORATE GOVERNANCE REPORT

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

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

A report on compliance with corporate governance principles as prescribed under SEBI(Listing Obligation 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	Expertise in specific functional areas
Dr. Anwar Siraj Daud, Chairman	00023529	Promoter, Executive Director & Managing Director	Strong Pharma Background, Marketing, Strategic Planning and Leadership
Mr. Zulfiquar M. Kamal	01786763	Promoter and Executive Director	Finance, Strategic Planning and Leader-ship
Mr. Riaz Ahmed Kamal	00023562	Executive Director	General Management and Marketing
Mr. Niraj Dhadiwal	02007428	Executive Director	Strong Pharmaceutical Background and Business Development
Mr. Prakash Sapkal	02007385	Executive Director	Strong Pharmaceutical Background and Operations
Dr. V. V. Parashar	02456416	Independent Director	Strong Pharmaceutical Background and General Management
Dr. Naresh Gaikwad	02185462	Independent Director	Strong Pharmaceutical Background and General Management
Mr. Suprakash Chakravarty	03010382	Independent Director	General Management
Ms. Kavita Loya	07943519	Independent Director	Tax Expert and Financial Advisor
Mr. Padmakar S. Joshi	07944709	Independent Director	Banking Expert and Financial Advisor

ii) Eight Board Meetings were held during the year on 09.04.2019, 16.05.2019, 22.05.2019, 06.08.2019, 24.08.2019, 11.11.2019, 22.01.2020, 04.02.2020 and 35th Annual General Meeting was held on 30.09.2019.

iii) The attendance, number of meetings attended and their directorship in other public companies of the Board of Directors as on 31.03.2020 are as under:

Name	No. of Board meeting held	No. of Board Meeting attended	Whether attended last AGM held on 30.09.2019	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	8	7	Yes	1	N.A.	N.A.	NIL
Mr. Zulfiquar M. Kamal	8	8	Yes	1	N.A.	N.A.	NIL
Mr. Riaz Ahmed Kamal	8	6	No	N.A.	N.A.	N.A.	NIL
Mr. Prakash Sapkal	8	4	Yes	N.A.	N.A.	N.A.	NIL
Mr. Niraj Dhadiwal	8	5	Yes	N.A.	N.A.	N.A.	NIL
Dr. V.V. Parashar	8	8	Yes	N.A.	N.A.	N.A.	NIL
Dr. Naresh Gaikwad	8	7	Yes	N.A.	N.A.	N.A.	NIL
Mr. Suprakash Chakravarty	8	4	No	N.A.	N.A.	N.A.	NIL
Ms. Kavita Loya	8	8	Yes	N.A.	N.A.	N.A.	NIL
Mr. Padmakar S. Joshi	8	4	No	N.A.	N.A.	N.A.	NIL

Annexure - VI

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	Dr. Naresh Gaikwad	400
2	Dr. Veerendra Parashar	800

vi) The Company has not issued any convertible instruments.

Vii) The details of familiarization programme imparted to Independent directors is disclosed on the website of the company at 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:

(a) Global Business: Understanding of diverse business environments, economic conditions, cultures and regulatory frameworks and a broad perspective on global market opportunities.

(b) Strategy and Planning: Strategic choices and experience in guiding and leading management teams to make decisions in unenforceable environment, Anticipation of Long Term Trends in the industry, Strong management and leadership in business development

(c) Governance: Experience in developing and implementing good governance practice, maintaining board and management accountability, protecting stakeholder's interest and responsibility towards customers, employees, suppliers, and driving good corporate ethics and values.

(d) Diversity: Diversity of thought, experience, knowledge, perspective, gender and culture. Varied mix of strategic perspectives, and geographical focus with knowledge and understanding of key geographies.

ix) In the opinion of the board, the independent directors fulfill the conditions specified in these 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 and Part C of the Schedule II of the SEBI LODR. The Audit Committee discharges such duties and functions generally indicated under Regulation 18 of SEBI LODR, Companies Act, 2013 and such other functions as may be specifically assigned to it by the Board from time to time.

(ii) Composition :

The composition of Audit Committee is as follows:-

1	Mrs. Kavita Loya	Chairperson
2	Dr. Naresh Gaikwad	Member
3	Dr. Veerendra Parashar	Member
4	Dr. Anwar Siraj Daud	Member

Annexure - VI

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

During the year ended 31st March, 2020 the Audit Committee meetings were held on 16.05.2019, 22.05.2019, 06.08.2019, 24.08.2019, 11.11.2019 and 04.02.2020.

Sr. No.	Name of the Committee Member	Committee meetings		Attendance at the last Annual General Meeting
		Held during tenure	Attended	
1	Mrs. Kavita Loya	6	6	Yes
2	Dr. Naresh Gaikwad	6	5	Yes
3	Dr. V.V. Parashar	6	6	Yes
4	Dr. Anwar Daud	6	6	Yes

- The Director (Finance), Statutory Auditors, Internal Auditors and Chief Financial Officer are invitees to the Audit Committee meeting. The gap between two meetings did not exceed one hundred and twenty days.
- The Company Secretary acts as Secretary to the Audit Committee.

4. Nomination & Remuneration Committee:

(i) 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 and Regulation 19 of SEBI (Listing Obligation 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	Dr. Veerendra Parashar	Chairman
2	Dr. Naresh Gaikwad	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 31st March, 2020 the Nomination & Remuneration Committee meeting was held on 22.05.2019 and 24.08.2019,

Sr. No.	Name of the Committee Member	Committee meetings		Attendance at the last Annual General Meeting
		Held during tenure	Attended	
1	Dr. Veerendra Parashar, Chairman	2	2	Yes
2	Dr. Naresh Gaikwad	2	2	Yes
3	Mrs. Kavita Loya	2	2	Yes
4	Dr. Anwar Siraj Daud	2	2	Yes

Annexure - VI

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;
- Effective deployment of / Contribution in terms of effective deployment of knowledge and expertise and commitment;
- Keeps himself/ herself prepared 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 the manner that is ethical and consistent with various laws and
- Regulations; and
- Stays conscious of being independent of the management

5. 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 furnished as Annexure IV to the Board's Report.

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

Sr. No.	Name of Director	Remuneration paid in 2019-20 (₹ In Lakhs)
1	Dr. Naresh Gaikwad	1.00
2	Dr. V.V. Parashar	1.00
3	Mr. Suprakash Chakravarty	1.00
4	Mrs. Kavita Loya	6.00
5	Mr. Padmakar Joshi	1.00

(iii) Details of Sitting Fees :

The Directors are not paid any Sitting Fee.

(iv) Remuneration to Executive Directors :

(₹ in Lakhs)

Sr. No.	Name of Director	Remuneration paid in 2019-20	Stock Option	Performance Linked Incentive	Total Remuneration
1	Dr. Anwar S. Daud	100.00	00	-	100.00
2	Mr. Riazahmed K. Kamal	24.00	00	-	24.00
3	Mr. Zulfiquar M. Kamal	65.00	00	-	65.00
4	Mr. Niraj Dhadiwal	50.00	0.62	-	50.62
5	Mr. Prakash Sapkal	49.00	0.62	-	49.62

Annexure - VI

(v) Details of Stock Option to Directors

Name	Designation	No. of Options Exercised during the year
Mr. Prakash Sapkal	Director (Operations)	25,000
Mr. Niraj Dhadiwal	Director (Business Development)	25,000
Total		**50,000**

6. Stakeholder's Relationship Committee:

The terms of reference of the Stakeholders' Relationship Committee are in line with the provisions of Section 178 of the Act and Part D of the Schedule II of the SEBI LODR. 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 constituted consisting of the following:

Sr. No.	Name of Director	Position held
1	Dr. Naresh Gaikwad	Chairman
2	Mr. Padmakar Joshi	Member
3	Dr. Anwar S. Daud	Member

During the year ended 31st March, 2020, Stakeholder's Relationship Committee meeting was held on 04.02.2020.

Sr. No.	Name of the Committee Member	Committee meetings		Attendance at the last Annual General Meeting
		Held during tenure	Attended	
1	Dr. Naresh Gaikwad	1	1	Yes
2	Mr. Padmakar Joshi	1	1	No
3	Dr. Anwar S. Daud	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 who required Committee's consideration. There is no complaint pending for redressal.

7. Corporate Social Responsibility Committee :

Corporate Social Responsibility Committee (CSR) consists of four Directors as follows:

Sr. No.	Name of Director	Position held
1	Mr. Suprakash Chakravarty	Chairman
2	Mr. Padmakar Joshi	Member
3	Dr. Anwar S. Daud	Member
4	Mr. Zulfiquar Kamal	Member

Annexure - VI

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

a. To formulate and recommend to the Board the Corporate Social Responsibility Policy (CSR Policy) as specified in Schedule VII of Companies Act, 2013 ('the Act') read with Companies (Corporate Social Responsibility) Rules, 2014.

b. To recommend to the Board the amount of expenditure to be incurred on the activities undertaken by the Company as per the CSR Policy.

c. To monitor the CSR Policy of the company from time to time.

8. General Body Meetings :

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

AGM for the period/ year ended	Venue	Date	Time	Special Resolution passed
33rd AGM for the year ended March 31, 2017	Chitnavis Centre, 56, Temple Road, Civil Lines, Nagpur - 440 001	16.09.2017	11.00 a.m.	Seven Special Resolutions were passed
34th AGM for the year ended March 31, 2018	Chitnavis Centre, 56, Temple Road, Civil Lines, Nagpur - 440 001	21.09.2018	11.30 a.m.	One Special Resolutions was passed
35th AGM for the year ended March 31, 2019	Chitnavis Centre, 56, Temple Road, Civil Lines, Nagpur - 440 001	30.09.2019	11.30 a.m.	No special Resolution was passed.

9. Means of Communication :

a. Results: 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 and Loksatta, The results are also displayed on the Company's website at 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) as well as uploaded on the Company's website.

b. BSE Corporate Compliance and Listing Centre ('Listing Centre'): BSE's Listing centre is a web based application designed for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases are electronically filed on the Listing Centre.

10. Disclosures :

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

No materially significant related party transaction took place during the year ended 31st March, 2020. All transactions entered with the related parties during the year ended 31st March 2020 as mentioned under the Companies Act, 2013 and Regulation 23 and 27(2)(b) of Listing Obligation and Disclosure Regulations (LODR) were in the ordinary course of business and on arm's length basis.

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

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

Annexure - VI

(iii) Whistle Blower Policy :

The Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and SEBI LODR 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 www.zimlab.in

(iv) 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.

(v) Policy on determining 'material' subsidiaries is disclosed on website of the company at www.zimlab.in

(vi) Policy on dealing with related party transactions is disclosed on the website of the company at www.zimlab.in

(vii) 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.

(viii) Walker Chandiok & Co. LLP Chartered Accountants (Firm Registration No.001076N/N500013) have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors' fees, on consolidated basis is : ₹ 54.99 Lakhs

(ix) Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2018 : The details have been disclosed in the Board Report

(x) Disclosure on Discretionary requirement as specified in Part E of schedule II :

- The auditors' report on financial statements of the Company are unqualified.
- Internal auditors of the Company, make quarterly presentations to the audit committee on their reports.

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

Dr. Anwar S. Daud, Managing Director , Mr. Zulfiquar Kamal. Director (Finance) and Mr.Shyam Mohan Patro, Chief Financial Officer of the Company have furnished to the Board, the requisite Compliance Certificate under Regulation 17 (8) of the LODR Regulations for the financial year ended 31.03.2020.

11. General Shareholder information:

i	AGM: Date, time and venue	36th Annual General Meeting will be held on 30th September, 2020 through Video Conferencing or other audio visual means pursuant to MCA circular no. 20/2020 dated May 05, 2020 .
ii	Financial Year	01st April 2019 — 31st March 2020.
iii	Dividend Payment Date	Not Applicable
iv	Listed on stock exchange	BSE Limited, Listing fees as applicable has been paid.
v	Stock Code	541400
vi	ISIN Code	INE518E01015
viii	Registrar and Share Transfer Agent	Link Intime India Pvt. Limited, C 101, 247 Park, L B S Marg,Vikhroli West, Mumbai - 400 083 Tel No : +91 22 49186000 Email Id: rnt.helpdesk@linkintime.co.in

Annexure - VI

Share Transfer System:

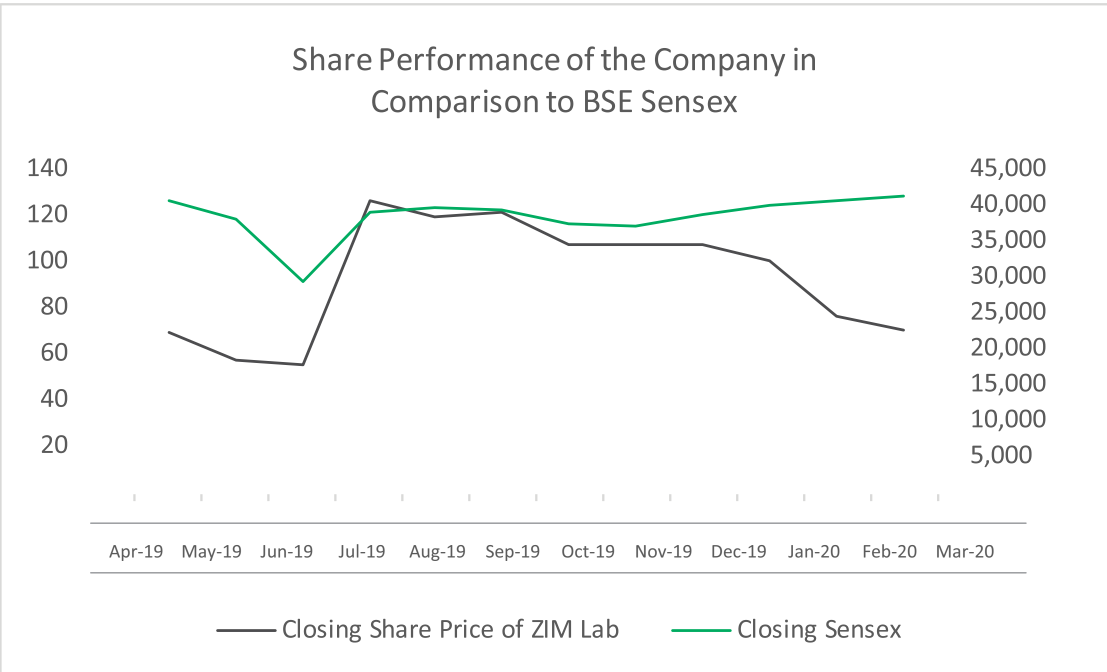
Shares of the company are traded compulsorily in dematerialised form and are transferable through depository system.

A certificate under Regulation 40(9) of SEBI (LODR) Regulations, 2015 is provided to the company by a Company Secretary in practice who undertakes audit twice a year of share transfer related activities which is submitted by company to BSE Ltd.

Market Price Data of the Company's shares traded on BSE Limited during the FY 2019-20

Month	High	Low
Apr 2019	145.10	113.05
May 2019	135.00	110.05
Jun 2019	131.00	100.00
Jul 2019	148.90	100.00
Aug 2019	128.80	94.25
Sep 2019	119.95	101.20
Oct 2019	119.95	92.20
Nov 2019	108.20	75.00
Dec 2019	84.00	52.00
Jan 2020	78.70	64.00
Feb 2020	78.00	55.50
Mar 2020	69.75	42.00

Performance of the share price of the Company in comparison to the BSE Sensex :



Annexure - VI

Distribution of Shareholding pattern as on 31.03.2020

Nominal Value of shareholding	No. of Shareholders	% of Shareholders	Total Shares	% of Share
Upto 500	3,842	88.2407	6,83,855	4.2264
501 - 1000	274	6.2931	2,08,255	1.2871
1001 - 2000	112	2.5723	1,73,128	1.0700
2001 - 3000	38	0.8728	90,947	0.5621
3001 - 4000	15	0.3445	54,801	0.338
4001 - 5000	7	0.1608	32,399	0.2002
5001 - 10000	33	0.7579	2,72,948	1.6869
10001 and above	33	0.7579	146,64,389	90.6288
Total	**4,354**	**100.000**	**1,61,80,722**	**100.0000**

Shareholding pattern as on 31.03.2020 of equity shares as per Regulation 31 of SEBI (Listing Obligation & Disclosure Requirement) Regulation, 2015.

Category	No. of Shares	Percentage
Promoter & Promoter Group	54,02,660	33.3895
Other Bodies Corporate	8,77,358	5.4222
Non Resident Indians	4,21,099	2.6025
Foreign Individuals	4,31,736	2.6682
Foreign Company	35,65,304	22.0343
Public	54,82,565	33.8833
TOTAL	**1,61,80,722**	**100.000**

Dematerialisation of shares :

Category	No. of Shares	Percentage
In NSDL	143,12,759	88.46
In CDSL	3,50,877	2.17
In Physical form	15,17,086	9.38
	1,61,80,722	**100.00**

Outstanding GDRs/ADRs/Warrants or any convertible : NIL

Instruments, conversion date and likely impact on equity

Dematerialization of shares and liquidity:

The Company's shares are compulsorily traded in dematerialized form on BSE. Equity shares of the Company representing 90.63 percent of the Company's equity share capital are dematerialized as on 31st March 2020.

Credit Ratings: The Credit rating agency Acuite Ratings & Research Limited has assigned credit rating ACUITE BBB- (Outlook: Negative) to the long term borrowing and ACUITE A3 for Short Term borrowing of the company

Annexure - VI

Plant locations :

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

Address for correspondence: Registered Office :
Mr. Piyush Nikhade, Company Secretary
Sadoday Gyan (Ground Floor) Opp. NADT,
Nelson Square, Nagpur-440 013
PH. : 0712-2588070
Email : cs@zimlab.in

For Share Transfer matters :
Link Intime India Pvt. Limited,
C-101, 247 Park, L.B.S. Marg, Vikhroli (W)
MUMBAI-400 083 Ph. (022) 49186000
Email Id: rnt.helpdesk@linkintime.co.in

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

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 2019-20.

For and on behalf of the Board of Directors

Place : Nagpur
Dated : 05.09.2020

(Anwar S. Daud)
Chairman
DIN : 00023529

Annexure - VI

CEO/CFO Certification Pursuant to Regulation 17(8) of The SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

We, the undersigned, in our respective capacities as Managing Director, Director (Finance) and Chief Financial Officer of ZIM Laboratories Limited ("the company") to the best of our knowledge and belief certify that:

a. We have reviewed the Financial Statements and Cash Flow Statements for the year ended 31 March, 2020 and to the best of our knowledge and belief, we state that:

   i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii) 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. We further state that to the best of our knowledge and belief, no transactions are entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct

c. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of 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:

   I) Significant changes, if any, in internal control over financial reporting during the year;

   II) Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   III) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

	(Anwar Siraj Daud)	**(Zulfiquar M. Kamal)**	**(Shyam Mohan Patro)**
Place : Nagpur	Managing Director	Director (Finance)	Chief Financial Officer
Date : 05.09.2020	DIN : 00023529	DIN : 01786763	

Annexure - VI

CERTIFICATE ON CORPORATE GOVERNANCE

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

1. I have examined the compliance of conditions of corporate governance by ZIM Laboratories Limited (the 'Company') for the year ended 31 March 2020, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations').

Management's Responsibility

2. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

Auditor's Responsibility

3. Pursuant to the requirements of the Listing Regulations, my responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. My responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on Financial Statements of the Company.

Opinion

4. Based on the procedures performed by me and to the best of my information and according to the explanations provided to me, 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 March, 2020.

5. I further state that such compliance is neither an assurance as to future viability of the company nor the efficiency and effectiveness with which the management has conducted the affairs of the company.

Restrictions on use

6. The certificate is addressed and provided to the members of the company solely for the purpose to enable the company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose.

(CS Roshni Jethani)
Company Secretary in Practice
Membership No. 48849
COP No. 17722
UDIN: A048849B000588795

Place: Nagpur
Date: 18.08.2020

Annexure - VI

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 CIN (Corporate Identification Number) 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 31st March, 2020 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	Anwar Siraj Daud	01/04/2009
2	00023562	Riyaz Ahmed Kikabhai Kamal	01/01/1998
3	01786763	Zulfiquar Murtaza Kamal	19/10/2012
4	02007385	Prakash Pralahadrao Sapkal	22/11/2013
5	02007428	Niraj Pukhraj Dhadiwal	22/11/2013
6	02185462	Naresh Janardan Gaikwad	03/03/2010
7	02456416	Veerendra Vinaykumar Parashar	19/07/2008
8	03010382	Suprakash Shivamoy Chakravarty	19/10/2012
9	07943519	Kavita Loya	21/09/2017
10	07944709	Padmakar Shrinivas Joshi	21/09/2017

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)
Company Secretary in Practice
Membership No. 48849
COP No. 17722
UDIN : A048849B000588731

Place: Nagpur
Date: 18.08.2020

ANNEXURE - VII

As per the provisions of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration Managerial Personnel) Rules, 2014, the Company is required to disclose 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 Director	Ratio with median remuneration
Dr. Anwar Daud	28.45
Mr. Zulfiquar Kamal	18.49
Mr. Riaz Kamal	6.83
Mr. Niraj Dhadiwal	14.40
Mr. Prakash Sapkal	14.12

(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

Particulars	% increase in Remuneration
Dr. Anwar Daud	-9
Mr. Zulfiquar Kamal	-13
Mr. Riaz Kamal	-17
Mr. Niraj Dhadiwal	-38
Mr. Prakash Sapkal	-39
Mr. Shyam Patro*	NIL
Mr. Piyush Nikhade	25

(*Mr. Shyam Patro joined the company as Chief Financial Officer from 01.04.2020 and therefore, increasing remuneration is shown as NIL)

(iii)	the percentage increase in the median remuneration of employees in the financial year :	12.92%	
(iv)	the number of permanent employees on the rolls of company :	518	
(v)	average percentile increase already made in the salary of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Non-Managerial Remuneration Managerial Remuneration	5.1% 12.5%

We affirm that the remuneration paid to the Managerial and Non-Managerial Personnel is as per the remuneration policy of the Company.

Annexure VIII

FORM AOC-I

(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 31.03.2020

Part "A": Subsidiaries

(₹ In Lakhs)

Name of Subsidiary	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Invest - ments	Turn- over	Profit / (Loss) before Tax	Provision for Tax	Profit / (Loss) after Tax	Proposed Dividend	% of Share- holding
ZIM Laboratories FZE	731.57	228.09	1658.89	1658.89	NIL	1336.48	179.36	NIL	179.36	NIL	100%
ZIM Health Technologies Limited	40.00	(37.80)	14.91	14.91	NIL	39.00	(20.86)	NIL	(20.86)	NIL	100%
SIA ZIM Laboratories Limited	30.87	(0.66)	33.72	33.72	NIL	NIL	(2.90)	NIL	(2.90)	NIL	100%

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

(Anwar Siraj Daud)
Managing Director

(Zulfiquar M. Kamal)
Director (Finance)

Place : Nagpur
Date : 02.06.2020

(Shyam Mohan Patro)
Chief Financial Officer

(Piyush Nikhade)
Company Secretary

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 Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the 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 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 accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs of the Company as at 31 March 2020, and its profit (including other comprehensive loss), its cash flows and the changes in equity for the year ended on that date.

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 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.

Emphasis of Matter

4. We draw attention to Note 12(b) to the accompanying Standalone Financial Statement regarding delay in receipt of foreign currency receivables aggregating to INR 913.98 lakhs as at 31 March 2020, beyond the timelines stipulated vide FED Master Direction No. 16/2015-16, under the Foreign Exchange Management Act, 1999. The management of the Company is in the process of recovering the outstanding dues and is of the view that the fine/penalties, if any that may be levied pursuant to the delay, are currently unascertainable but would not be material and accordingly, the accompanying Standalone Financial Statement do not include any consequential adjustments with respect to such delay/default. Our conclusion is not modified in respect of this matter.

Key Audit Matters

5. 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.

6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matters
a) Capitalization and realisability of 'Product Marketing Authorization' Rights (Refer Note 2.1(d) to the accompanying financial statements for accounting policy and Note 5(A) related disclosures) 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 authorization's in respective geographies, which are subject to regulatory approvals. The expenses towards registrations are capitalized as 'Product Marketing authorizations'. 'Product Marketing Authorization' (marketing rights) primarily include costs pertaining to bioequivalence studies, analytical method validation studies and product registration costs in respective geographies. Based on management's expectation of its commercial utilization of these products, these costs are amortized over a period of three years from date of capitalization. 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. 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. 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.	Our audit procedures included, but were not limited to the following: • Obtained an understanding of the management process and controls for calculating the amount to be capitalized and their realisability, and assessed the consistency of the accounting policies with relevant accounting standards; • 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. • 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. • 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 communications of the Company's management (as distinct from the financial management function) with respective authorities. • 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 • In respect of marketing rights for products that are no longer considered viable, we determined whether the carrying amount had been appropriately written off. • Evaluated the adequacy of the related disclosures made in the standalone financial statements.

Key audit matters	How our audit addressed the key audit matters
b) Recoverability assessment of secured trade receivables (Refer Note 2.1(l) to the accompanying financial statements for accounting policy and Note 12 trade receivable disclosures) As at 31 March 2020, the Company has reported trade receivable of Rs. 6,334.16 lakhs which includes certain secured trade receivable. Trade receivables are stated at their original value less appropriate allowances for estimated irrecoverable amount. The impairment of trade receivables is calculated for each class of trade receivables using management's judgement on expected realization, historical collection trends and realizable value of security for secured receivables, in accordance with the expected credit loss guidance prescribed by Ind AS 109: 'Financial Instruments'. For the trade receivables secured against the shares of the Company pledged with an escrow agent pursuant to an escrow agreement entered between the Company and its former chairman, the management estimates the expected realizable value less cost of disposal of such shares to determine the provision required to be made for the secured debtors. Such estimation involves management judgement and estimation uncertainty due to possible price variation that may occur over the period over which such shares are expected to be liquidated to recover the dues. Considering the nature of the arrangement, materiality of secured trade receivable balances and the judgements involved in the estimation of expected credit losses on such class of trade receivables, this matter is considered to be a key audit matter for the current year audit.	Our audit procedures included, but were not limited to the following: • Obtained an understanding of the management's process to determine the value of the security received for trade receivables and computation of expected credit loss for such secured assets. • Evaluated the design, implementation and tested the operating effectiveness of the Company's key internal controls over the provisioning of secured trade receivables; • Inspected the escrow agreement entered between the Company and the former chairman to confirm our understanding obtained from the management with respect to the security of the trade receivable. Scrutinized the agreement for any terms indicating possible conditions precedent that are required to be met before encashing the available security to set off outstanding debts. • Assessed the reasonableness of management's estimates and assumptions used to determine the value of security in respect of secured trade receivables and expected costs in order to test the impairment, if any, on specific secured trade receivables; • Evaluated appropriateness of disclosures made in the standalone financial statements with respect to the trade receivables and provisioning thereof.

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

7. The Company's Board of Directors is 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 auditor's report.

   Our opinion on the 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 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 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

8. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. 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.

9. In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

10. 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

11. 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.

12. As part of an audit in accordance with Standards on Auditing, 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 explaining our opinion on whether the Company has adequate internal financial controls system 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 management's 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.

13. 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.

14. 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.

15. 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

16. 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.

17. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.

18. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the standalone financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act;

    f) we have also audited the internal financial controls with reference to standalone financial statements of the Company as on 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report as per Annexure II 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 has disclosed the impact of pending litigations on its financial position as at 31 March 2020 in the standalone financial statements;

        ii. the Company, did not have any long term contract including derivatives contracts for which there were any foreseeable losses;

iii. following is the instance of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

Unpaid dividend for Financial Year 2011-2012 amounting to INR 6.32 lakhs

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

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

Adi P. Sethna
Partner
Membership No.: 108840

UDIN:- 20108840AAAABR6351

Place: Mumbai
Date: 02 June 2020

Annexure I 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 2020

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a regular program of physical verification of its property, plant and equipment under which fixed assets are verified in a phased manner over a period of 3 years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. No material discrepancies were noticed on the aforesaid verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a),3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) The Company is regular in depositing undisputed statutory dues including 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, except for delays in certain amounts of provident fund. Further, the amount of provident fund, outstanding at the year-end for a period of more than six months from the date they became payable, are as follows:

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

Name of the statute	Nature of the dues	Amount (₹ in lakhs)	Period to which the amount relates	Due Date	Date of Payment
Employee Provident Fund Act, 1952	Provident Fund	4.08	April 2019 to 31 August 2019	7th day of subsequent month	15 May 2020

(b) The dues outstanding in respect of income-tax on account of any dispute, are as follows:

Statement of Disputed Dues

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	Income tax	395.94	84.00	Assessment Year 2008-09, 2009-10 and 2011-12 to 2013-14	Commissioner of Income Tax (Appeal)
		155.48	50.10	Assessment Year 2010-11	Income Tax Appellate Tribunal

There were no amounts disputed with respect to service-tax, sales tax, duty of customs, duty of excise and value added tax.

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or government or any dues to debenture-holders during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans availed during the year were applied for the purposes for which the loans were obtained.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, provisions of clause 3(xiv) of the Order are not applicable.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Adi P. Sethna
Partner
Membership No.: 108840

UDIN:- 20108840AAAABR6351

Place: Mumbai
Date: 02 June 2020

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 2020

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 2020, 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 financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITORS' RESPONSIBILITY 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 the ICAI and deemed to be 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 includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 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 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 2020, based on the internal financial controls with reference to standalone financial statements 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

Adi P. Sethna
Partner
Membership No.: 108840

UDIN:- 20108840AAAABR6351

Place: Mumbai
Date: 02 June 2020

Standalone Balance Sheet

as at 31 March 2020

₹ lakhs

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	10,742.85	9,943.71
Capital work-in-progress	4	474.24	775.50
Intangible assets	5(A)	381.12	133.69
Intangible assets under development	5(B)	488.15	556.19
Investment in subsidiaries	6	802.44	448.35
Financial Assets			
Investments	6A	5.15	5.15
Other financial assets	7	239.65	352.73
Deferred tax assets (net)	8	532.81	207.60
Income tax (current-tax) assets (net)	9	368.00	240.90
Other non-current assets	10	622.91	697.02
		14,657.32	**13,360.84**
Current assets			
Inventories	11	5,638.91	5,505.27
Financial Assets			
Trade receivables	12	6,334.16	9,039.57
Cash and cash equivalents	13	67.13	36.11
Bank balances other than cash and cash equivalents	14	215.85	244.40
Loans	15	16.12	24.77
Other financial assets	16	645.48	120.96
Other current assets	17	4,711.52	4,153.78
		17,629.17	**19,124.86**
TOTAL ASSETS		**32,286.49**	**32,485.70**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	1,618.07	1,611.95
Other equity	19	13,557.45	13,509.99
		15,175.52	**15,121.94**
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	20	2,742.01	2,216.01
Other financial liabilities	21	62.63	-
		2,804.64	**2,216.01**
Current liabilities			
Financial Liabilities			
Borrowings	22	4,969.00	4,014.67
Trade payables	23		
- total outstanding due of micro enterprises and small enterprises		-	-
- total outstanding due of creditors other than micro enterprises and small enterprises		6,591.37	7,195.25
Other financial liabilities	24	1,898.99	2,033.68
Other current liabilities	25	741.04	1,461.85
Provisions	26	105.93	67.31
Current Tax Liabilities (net)	27	-	374.99
		14,306.33	**15,147.75**
TOTAL LIABILITIES		**17,110.97**	**17,363.76**
TOTAL EQUITY AND LIABILITIES		**32,286.49**	**32,485.70**
Significant accounting policies and other explanatory information	1 - 53		-

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

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

Adi P. Sethna
Partner
Membership No.: 108840

Place: Mumbai
Date: 02 June 2020

For and on behalf of the Board of Directors

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director (Finance)
DIN: 01786763

Shyam Mohan Patro
Chief Financial Officer

Piyush Nikhade
Company Secretary

Place: Nagpur
Date: 02 June 2020

Standalone Statement of Profit and Loss

for the year ended 31 March 2020

₹ Lakhs

		Note	Year ended 31 March 2020	Year ended 31 March 2019
I.	**Income**			
	Revenue from operations	28	27,431.97	33,172.14
	Other income	29	465.65	204.94
	Total Income		**27,897.62**	**33,377.08**
II.	**Expenses**			
	Cost of materials consumed	30	13,366.79	14,303.47
	Purchase of stock in trade	31	1,587.17	1,659.16
	Changes in inventories of finished goods and work-in-progress	32	(639.97)	(12.00)
	Employee benefits expense	33	5,061.03	4,814.25
	Finance costs	34	1,265.45	1,059.08
	Depreciation and amortisation expense	35	1,327.15	1,114.28
	Other expenses	36	6,078.74	8,164.99
	Total Expenses		**28,046.36**	**31,103.23**
III.	**Profit/ (Loss) before tax**		**(148.74)**	**2,273.85**
IV.	**Tax (expense)/credit:**	37		
	(i) Current Tax		-	(479.94)
	(ii) Tax adjustment pertaining to earlier years		12.33	(10.43)
	(iii) Deferred Tax		310.47	(182.48)
			322.80	**(672.85)**
V.	**Net Profit After Tax**		**174.06**	**1,601.00**
VI.	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	- Measurements of defined employee benefit plans		(38.04)	(64.63)
	- Income tax relating to items that will not be reclassified to profit or loss		11.08	22.58
			(26.96)	**(42.05)**
VII.	**Total Comprehensive Income**		147.10	1,558.95
VIII.	**Earnings per equity share: Nominal value of ₹ 10 each**	51		
	Basic (In ₹)		1.07	9.93
	Diluted (In ₹)		1.07	9.86
	Significant accounting policies and other explanatory information	1 - 53		

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

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

Adi P. Sethna
Partner
Membership No.: 108840

Place: Mumbai
Date: 02 June 2020

For and on behalf of the Board of Directors

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director (Finance)
DIN: 01786763

Shyam Mohan Patro
Chief Financial Officer

Piyush Nikhade
Company Secretary

Place: Nagpur
Date: 02 June 2020

Standalone Statement of Changes in Equity

for the year ended 31 March 2020

Equity share capital (Refer note 18)

	Number of shares	₹ lakhs
As at 01 April 2018	8,059,753	805.97
Changes during the year	8,059,753	805.98
As at 31 March 2019	16,119,506	1,611.95
Changes during the year	61,216	6.12
As at 31 March 2020	**16,180,722**	**1,618.07**

Other equity (Refer note 19)

₹ lakhs

	Reserves & Surplus			Employee stock options	Total
	Securities Premium	General Reserve	Retained earnings		
Opening balance as at 1 April 2018	4,833.29	106.20	7,792.01	59.04	**12,790.54**
Transactions during the year					
Total comprehensive income for the year					
Profit / (loss) for the year	-	-	1,601.00	-	**1,601.00**
Dividend	-	-	(80.60)	-	**(80.60)**
Dividend distribution tax	-	-	(16.57)	-	**(16.57)**
Employee Stock Option expenses	-	-	-	63.65	**63.65**
Amount utilized for issue of bonus shares	(805.98)	-	-	-	**(805.98)**
OCI for the year	-	-	(42.05)	-	**(42.05)**
Closing balance as at 31 March 2019	4,027.31	106.20	9,253.79	122.69	**13,509.99**
Transactions during the year					
Total comprehensive income for the year					
Profit / (loss) for the year	-	-	174.06	-	**174.06**
Dividend	-	-	(80.90)	-	**(80.90)**
Dividend distribution tax	-	-	(16.63)	-	**(16.63)**
Employee Stock Option expenses	-	-	-	1.52	**1.52**
Adjustment towards fair value of ESOP	-	-	52.65	(52.65)	**-**
Transfer from ESOP	35.78	-	-	(35.78)	**-**
Lease adjustment (Refer note 43)	-	-	(3.63)	-	**(3.63)**
OCI for the year	-	-	(26.96)	-	**(26.96)**
Closing balance as at 31 March 2020	**4,063.09**	**106.20**	**9,352.38**	**35.78**	**13,557.45**

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

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

Adi P. Sethna
Partner
Membership No.: 108840

Place: Mumbai
Date: 02 June 2020

For and on behalf of the Board of Directors

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director (Finance)
DIN: 01786763

Shyam Mohan Patro
Chief Financial Officer

Piyush Nikhade
Company Secretary

Place: Nagpur
Date: 02 June 2020

Standalone Statement of Cash Flow

for the year ended 31 March 2020

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Cash flow from operating activities		
Profit/ (Loss) before tax	**(148.74)**	**2,273.85**
Depreciation and amortisation expense	1,327.15	1,114.28
Government Incentive	(8.69)	(7.17)
Interest on Lease deposits	(7.08)	-
Loss on sale of property, plant and equipment (net)	0.53	41.07
Property, plant and equipment Written off	2.22	-
Unrealized Foreign Exchange (Gain)/Loss	(51.46)	96.05
Provision for employee benefits	0.58	(39.84)
Dividend income on investments	(0.60)	(0.60)
Interest income	(18.86)	(18.54)
Bad debts Written off	-	46.26
Employee compensation cost (ESOP costs)	1.52	63.65
Finance costs	1,265.45	1,059.08
Operating profit before working capital changes	**2,362.02**	**4,628.09**
Movement in working capital :		
Increase/(decrease) in trade & other payables and provisions	(1,508.22)	1,416.52
(Increase) in inventories	(133.64)	(349.19)
(Increase)/decrease in trade and other receivables	1,900.76	(1,855.55)
Net Cash generated from operations	2,620.92	3,839.87
Direct taxes paid (net of refunds)	(491.93)	(131.46)
Net cash generated from operating activities (A)	**2,128.99**	**3,708.41**
Cash flow from investing activities		
Purchases of property, plant and equipment and intangibles (refer note ii)	(1,478.01)	(1,828.02)
Sale proceeds of property, plant and equipment	3.60	6.84
Investment in subsidiaries	(354.09)	(444.32)
Investments in bank deposits (having original maturity of more than three months)	(194.67)	(101.57)
Maturity of bank deposits (having original maturity of more than three months)	161.10	48.48
Interest received	14.40	15.02
Dividend received	0.60	0.60
Net cash (used in) investing activities (B)	**(1,847.07)**	**(2,302.97)**
Cash flow from financing activities		
Proceeds from issue of equity share	6.12	-
Proceeds from long term borrowings	3,500.00	1,715.82
(Repayment) of long term borrowings	(3,141.38)	(1,199.98)

Standalone Statement of Cash Flow (contd...)

for the year ended 31 March 2020

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
(Repayment)/proceeds of short term borrowings	913.06	(923.75)
(Repayment) of lease obligations	(66.12)	-
Finance costs paid	(1,365.05)	(1,010.65)
Changes in unclaimed dividend bank balances	(6.42)	(3.75)
Dividends paid on equity shares (including unclaimed)	(74.48)	(76.85)
Tax on equity dividend paid	(16.63)	(16.57)
Net cash (used in) financing activities (C)	**(250.90)**	**(1,515.73)**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	31.02	(110.29)
Opening cash and cash equivalents	36.11	146.40
Closing cash and cash equivalents	**67.13**	**36.11**
Components of cash and cash equivalents		
Cash on hand	17.30	10.41
Balances with banks in:		
- Current accounts	49.83	25.70
Total Cash and cash equivalents (Refer note 13)	**67.13**	**36.11**

Notes:

i) The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

ii) Includes capital work-in-progress and intangible assets under development.

Significant accounting policies and other explanatory information 1 - 53

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

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

Adi P. Sethna
Partner
Membership No.: 108840

Place: Mumbai
Date: 02 June 2020

For and on behalf of the Board of Directors

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director (Finance)
DIN: 01786763

Shyam Mohan Patro
Chief Financial Officer

Piyush Nikhade
Company Secretary

Place: Nagpur
Date: 02 June 2020

Significant accounting policies
and other explanatory information to the standalone financial statements
for the year ended 31 March 2020

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 2020 were authorised for issue in accordance with resolution of the Board of Directors on 02 June 2020."

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.

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 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.

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

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.

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 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 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 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."

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 income

Income from product development including sale of technology/know-how (rights, licenses and other intangibles) 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 dossier sales 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 recognise or defer the upfront payments received under these arrangements.

Export incentives

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

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, Superannuation Fund etc., which are recognised by the income tax authorities and administered through appropriate authorities. The Company contributes to a Government administered Provident 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 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.

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

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

3 Property, plant and equipment

(₹ lakhs)

	Freehold Land	Leasehold 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	
Gross carrying amount											
Balance as at 1 April 2018	61.76	641.11	3,912.00	5,245.97	166.50	708.35	178.68	136.04	-	-	11,050.41
Additions/ Adjustments	961.56	21.55	73.38	617.04	-	87.56	65.16	19.02	-	-	1,845.27
Deletions	-	150.00	-	97.22	-	-	-	-	-	-	247.22
Balance as at 31 March 2019	**1,023.32**	**512.66**	**3,985.38**	**5,765.79**	**166.50**	**795.91**	**243.84**	**155.06**	**-**	**-**	**12,648.46**
Reclassified on account of adoption of Ind AS 116 'Leases' (Refer Note 43)	-	(512.66)	-	-	-	-	-	-	485.23	-	(27.43)
Transition impact on account of adoption of Ind As 116 'Lease (Refer Note 43)	-	-	-	-	-	-	-	-	-	156.94	156.94
Additions	-	-	308.35	1,087.38	-	128.22	28.21	19.69	-	238.47	1,810.32
Deletions	-	-	-	12.48	3.76	38.97	-	-	-	-	55.21
Balance as at 31 March 2020	**1,023.32**	**-**	**4,293.73**	**6,840.69**	**162.74**	**885.16**	**272.05**	**174.75**	**485.23**	**395.41**	**14,533.08**
Accumulated Depreciation/ Amortisation											
Balance as at 1 April 2018	**-**	**17.99**	**292.62**	**1,125.02**	**45.63**	**157.72**	**74.55**	**43.44**	**-**	**-**	**1,756.97**
Charge for the year	-	9.44	154.37	648.35	22.95	92.87	48.79	20.33	-	-	997.10
Deletions	-	-	-	49.32	-	-	-	-	-	-	49.32
Balance as at 31 March 2019	**-**	**27.43**	**446.99**	**1,724.05**	**68.58**	**250.59**	**123.34**	**63.77**	**-**	**-**	**2,704.75**
Reclassified on account of adoption of Ind AS 116 'Leases' (Refer Note 43)	-	(27.43)	-	-	-	-	-	-	-	-	(27.43)

3 Property, plant and equipment (contd...)

(₹ lakhs)

	Freehold Land	Leasehold 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	
Charge for the year	-		160.80	712.96	22.92	99.80	58.37	22.91	3.18	80.82	1,161.76
Deletions	-	-	-	8.35	3.58	36.92	-	-	-	-	48.85
Balance as at 31 March 2020	**-**	**-**	**607.79**	**2,428.66**	**87.92**	**313.47**	**181.71**	**86.68**	**3.18**	**80.82**	**3,790.23**
Net carrying amount											
Balance as at 31 March 2019	1,023.32	485.23	3,538.39	4,041.74	97.92	545.32	120.50	91.29	-	-	9,943.71
Balance as at 31 March 2020	**1,023.32**	**-**	**3,685.94**	**4,412.03**	**74.82**	**571.69**	**90.34**	**88.07**	**482.05**	**314.59**	**10,742.85**

i Building includes those constructed on leasehold land:

	As at 31 March 2020	As at 31 March 2019
Gross carrying amount	2,999.77	2,724.82
Depreciation charged during the year	114.14	108.74
Accumulated depreciation	441.10	326.96
Net carrying amount	**2,558.67**	**2,397.86**

ii Vehicles includes vehicles in the personal name of directors & employees having Gross carrying amount ₹ 77.34 lakhs and net carrying value of ₹ 39.08 Lakhs (31 March 2019 - Gross carrying amount ₹ 77.34 lakhs and net carrying value of ₹ 49.17 Lakhs)

iii Refer note 46 (B) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

iv Refer note 20 and 22 for information on property, plant and equipment pledged as security by the Company.

4 Capital work-in-progress

	(₹ lakhs)
As at 31 March 2019	775.50
As at 31 March 2020	**474.24**

Note:

Capital work in progress as at 31 March 2020 includes cost incurred towards construction/development of Building and Plant and equipment of the Company.

5(A) Intangible assets

(₹ lakhs)

	Softwares	Product marketing authorisation	Total
Gross carrying amount			
Balance as at 1 April 2018	**157.47**	**81.71**	**239.18**
Additions	6.79	121.75	128.54
Deletions	-	-	-
Balance as at 31 March 2019	**164.26**	**203.46**	**367.72**
Additions	5.50	407.32	412.82
Deletions	-	-	-
Balance as at 31 March 2020	**169.76**	**610.78**	**780.54**
Accumulated Amortisation			
Balance as at 1 April 2018	**93.31**	**23.54**	**116.85**
Charge for the year	40.14	77.04	117.18
Deletions	-	-	-
Balance as at 31 March 2019	**133.45**	**100.58**	**234.03**
Charge for the year	24.31	141.08	165.39
Deletions	-	-	-
Balance as at 31 March 2020	**157.76**	**241.66**	**399.42**
Net carrying amount			
Balance as at 31 March 2019	30.81	102.88	133.69
Balance as at 31 March 2020	**12.00**	**369.12**	**381.12**

5(B) Intangible assets under development

	(₹ lakhs)
As at 31 March 2019	556.19
As at 31 March 2020	**488.15**

Note:

Represents expenditure incurred towards obtaining regulatory approvals and registration of the products for overseas markets.

Non- Current :

6 Investment in Subsidiaries

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Investment in equity instruments :		
Unquoted equity investment carried at cost		
3,766 (31 March 2019: 2,306) equity shares of AED 1000 each fully paid-up in ZIM Laboratories FZE,UAE	731.57	448.35
400,000 (31 March 2019: Nil) equity shares of ₹ 10 each fully paid-up in ZIM Health Technologies Limited	40.00	-
80 (31 March 2019: Nil) equity shares of EURO 500 each fully paid-up in SIA Latvia	30.87	-
	802.44	**448.35**

6A Investments

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Investment in Others:		
Unquoted equity investment carried at fair value through profit or loss 20,000 equity shares of ₹ 25 each fully paid-up in Shamrao Vithal co-operative Bank Limited	5.00	5.00
Investments in Government Securities		
Unquoted at amortised cost		
National Saving Certificate	0.15	0.15
	5.15	**5.15**

7 Other financial assets

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Earnest money and security deposit	60.50	242.12
Bank deposit with maturity more than 12 months	179.15	110.61
Bank deposit includes fixed deposits with banks ₹ 179.15 lakhs (₹ 110.61 lakhs as at 31 March 2019) marked as lien for guarantees issued by banks on behalf of the Company and for borrowings taken by the Company		
	239.65	**352.73**

Non- Current :

8 Deferred tax assets / liability (net)

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Deferred tax liabilities		
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	978.23	1,178.18
	978.23	**1,178.18**
Deferred tax assets		
Expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	20.82	40.55
Provision for doubtful debts, advances and deposits	258.26	309.90
Carry forward business losses/unabsorbed depreciation	182.97	-
Provision for employee benefits	30.85	23.52
Lease payments	4.16	-
	497.06	**373.97**
Minimum alternative tax credit entitlement	**1,013.98**	**1,011.81**
Net Deferred Tax Asset/(Liability)	**532.81**	**207.60**

9 Income tax (current-tax) assets (net)

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Advance income-tax (net of provision for taxation ₹ Nil) (31 March 2019: ₹ 10.32 lakhs)	368.00	240.90
	368.00	**240.90**

10 Other non-current assets

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
(Unsecured, considered good)		
Capital advances	540.59	612.58
Prepaid expenses	15.88	18.19
Security deposits	66.44	66.25
	622.91	**697.02**

Current :

11 Inventories

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Raw materials and packing materials	3,349.90	3,763.49
Work-in-progress	552.01	634.29
Finished goods (Refer note 53)		
Goods-in-transit	257.12	13.74
Others	1,248.65	769.78
Stores and spares	231.23	323.97
	5,638.91	**5,505.27**

12 Trade receivables (Refer note (a) and (b) below)

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Receivables from related party (Refer note 45)	676.07	555.24
Considered good	5,658.09	8,484.33
Trade receivables - credit impaired (Considered doubtful)	886.87	698.48
Trade receivables which have significant increase in credit risk	-	-
Less: Provision for doubtful debts	(886.87)	(698.48)
	6,334.16	**9,039.57**

(a) Nature of Security

The Company has entered into an escrow agreement with one of the shareholders, whereby his holding to the extent of 10 lakhs equity shares (including 5 lakhs bonus shares) in the Company has been considered as security towards realisability of certain aged trade receivables. The shares held in escrow account are proposed to be liquidated to meet shortfall, if any, in recovery of the trade receivables specified therein. Accordingly, the final amount of recovery (security value) would depend on the shortfall in collections till agreed date and future market value of equity shares at the time of settlement. The current value of the shares has been determined by management on the basis of prevalent quoted price of the shares on Bombay Stock Exchange.

(b) Trade receivables outstanding as at 31 March 2020, include balances aggregating ₹ 913.98 lakhs from customers situated outside India. These balances are outstanding for a period, beyond the timelines stipulated vide FED Master Direction No. 16/2015-16, under the Foreign Exchange Management Act, 1999. The Company is in the process of recovering the outstanding dues. The amount of fine/penalty, if any, that may be levied, is currently unascertainable but is not expected to be material and accordingly, the accompanying standalone financial statement do not include any consequential adjustments that may arise due to such delay/default.

Refer note 39 for information about credit risk and market risk of trade receivables.

Current :

13 Cash and cash equivalents

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Cash on hand	17.30	10.41
Balances with banks in current accounts	49.83	25.70
	67.13	**36.11**

14 Bank balances other than cash and cash equivalents

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Unclaimed dividend accounts	44.92	38.50
Margin money deposits	170.93	205.90
Deposit includes fixed deposits with banks ₹ 170.93 lakhs (₹ 205.90 lakhs as at 31 March 2019) marked as lien for guarantees issued by banks on behalf of the Company and for borrowings taken by the Company		
	215.85	**244.40**

15 Loans

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
(Unsecured, considered good)		
Loans to employees	16.12	24.77
	16.12	**24.77**
Break-up of security details		
Loans considered good - secured	-	-
Loans considered good - unsecured	16.12	24.77
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	**16.12**	**24.77**
Loss allowance	-	-
Total current loans	**16.12**	**24.77**

Current :

16 Other financial assets

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Current		
(Unsecured, considered good)		
Earnest Money and security deposits	155.97	111.69
Interest Receivable:		
from Banks	7.98	3.52
Others	5.86	5.75
Unbilled Revenue	475.67	-
	645.48	**120.96**

17 Other current assets

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
(Unsecured, considered good unless otherwise specified)		
Advances other than capital advances		
Advance to suppliers - considered good	2,032.21	1,725.49
Advance to suppliers - considered doubtful	-	188.40
Less: Provision for doubtful advances	-	(188.40)
	2,032.21	**1,725.49**
Advance against expenses to related party (Managing Director) (Refer note 45)	14.11	-
Balances with government authorities	2,518.66	2,298.14
Prepaid expenses	146.54	130.15
	4,711.52	**4,153.78**

18 Equity share capital

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Authorised		
25,000,000 (31 March 2019: 25,000,000) equity shares of ₹ 10 each	2,500.00	2,500.00
Issued		
16,180,722 (31 March 2019: 16,119,506) equity shares of ₹ 10 each fully paid up	1,618.07	1,611.95
Subscribed and Paid-Up:		
16,180,722 (31 March 2019: 16,119,506) equity shares of ₹ 10 each fully paid up	1,618.07	1,611.95
	1,618.07	**1,611.95**

(a) Reconciliation of Share Capital:

	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	₹ lakhs	No. of Shares	₹ lakhs
Balance as at the beginning of the year	16,119,506	1,611.95	8,059,753	805.97
Add: Bonus issue of shares to existing shareholders	-	-	8,059,753	805.98
Add: Shares issued during the year	61,216	6.12	-	-
Balance as at the end of the year	**16,180,722**	**1,618.07**	**16,119,506**	**1,611.95**

(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 2020		As at 31 March 2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Equity Shares:				
AA Development Capital India Fund 1, LLC	3,565,304	22.03%	3,565,304	22.12%
Anwar Daud*	4,445,440	27.47%	4,445,440	27.58%
Zakir Vali	2,849,140	17.61%	2,849,140	17.68%

* Including 500,000 shares jointly held with Tasneem Daud (wife of Mr. Anwar Daud).

(d) Shares reserved for issue under options

Refer note 49 for details of shares reserved for issue under the employee stock option scheme (ESOS) of the Company.

(e) During the previous year, the Company allotted 8,059,753 equity shares of face value ₹ 10 each in the ratio of 1:1 as fully paid up bonus shares by capitalisation of securities premium by ₹ 805.98 Lakhs, pursuant to an ordinary resolution of the shareholders.

19 Other equity

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Securities premium *	4,063.09	4,027.31
General reserve	106.20	106.20
Employee stock options **	35.78	122.69
Retained earnings ***	9,352.38	9,253.79
TOTAL	**13,557.45**	**13,509.99**

*** Securities premium**

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Balance as at the beginning of the year	4,027.31	4,833.29
Add : Additions made during the year	35.78	-
Less: Amount utilized for issue of bonus shares (refer note 18(e))	-	805.98
Balance at the end of the year	**4,063.09**	**4,027.31**

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

**** Employee stock options**

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	122.69	59.04
Add: Additions during the year	1.52	63.65
Less: Adjustment towards fair value of employee stock options	(52.65)	-
Less: Transfer to securities premium account on exercise of stock options	35.78	-
Balance at the end of the year	**35.78**	**122.69**

***** Retained earnings**

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Balance as at the beginning of the year	9,253.79	7,792.01
Net profit for the year	174.06	1,601.00
Less: Adjustment towards Lease payments (Refer note 43)	(3.63)	-
Add: Adjustment towards fair value of employee stock options	52.65	-
Less: Appropriations		
Dividend	(80.90)	(80.60)
Dividend distribution tax	(16.63)	(16.57)
Transfer from other comprehensive income	(26.96)	(42.05)
Net surplus in the Statement of Profit and Loss	**9,352.38**	**9,253.79**

20 Non-current Borrowings

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Secured		
Non-convertible debentures (NCD's)	2,720.03	-
Term Loans from banks		
- Indian rupee loan	121.56	257.24
- Foreign currency loan / External commercial borrowings (ECB)	-	1,721.00
- Vehicle Loans	8.41	14.33
From Non-Banking Financial Company (NBFC) (Indian rupee loan)	1,125.36	1,410.75
	3,975.36	**3,403.32**
Unsecured		
Loan from Department of Scientific and Industrial Research (DSIR), Government of India	-	13.20
Deferred sales tax loan	11.35	20.00
From NBFC	29.31	269.24
	4,016.02	**3,705.76**
Less: Current maturities of long term borrowings (Refer note 24)	(1,274.01)	(1,489.75)
	2,742.01	**2,216.01**

NATURE OF SECURITY AND TERMS OF REPAYMENT FOR SECURED BORROWINGS

(i) NCD's, Indian rupee 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.

The borrowings made from a bank having outstanding amount of Rs 121.56 lakhs (31 March 2019: Rs 257.24 lakhs) are repayable in 84 equated monthly instalments, commenced from April 2014, of ₹ 13.31 lakhs each. The applicable interest rate on this loan is PLR less 4.5% p.a. (effective interest rate of 11.75% (31 March 2019: 13.55%)). The borrowings made from NBFC having outstanding amount of Rs 1,150 lakhs (31 March 2019: Rs 1,450 lakhs) are repayable in 60 equated monthly instalments, commenced from February 2019, of ₹ 25 lakhs each. The effective interest rate is 13.00%.

The borrowings made in the form of unlisted, secured NCD's having outstanding amount of Rs 2,792.58 lakhs (31 March 2019: Rs Nil) are repayable in 48 equated monthly instalments, commenced from April 2019, of ₹ 94.77 lakhs each. The effective interest rate is 13.50%.

(ii) Foreign currency loan (ECB-I) of Rs Nil (31 March 2019: Rs 316.13 lakhs) from bank carries interest rate of 3 Month LIBOR plus 5% p.a. effective rate of 7.60% (31 March 2019: 7.60%) which was repayable from May 2013 to May 2019 in half yearly instalments ranging from Rs 41.89 lakhs to Rs 316.13 lakhs. Foreign currency loan (ECB-II) of ₹ Nil (31 March 2019: 1411.78 lakhs) carries interest rate of 6 Month LIBOR plus 4.70% p.a. effective rate of 7.30% (31 March 2019: 7.30%) was repayable from November 2014 to November 2020 in half yearly instalments ranging from Rs 16.69 lakhs to Rs 475.06 lakhs. The Company has entered into Interest rate swap for securing fixed interest liability payable in USD against ECB-II. The effective interest rate under interest rate swap was 7.80% per annum.

-The loans 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. "

(iii) Vehicle Loan (Loan-I) having interest rate of 9.65% was repayable from April 2016 to March 2019 in 36 equal monthly instalments of Rs 0.32 lakhs each. Vehicle loan (Loan-II) having interest rate of 9.50% was repayable from June 2016 to May 2019 in 36 equal instalments of Rs 0.48 lakhs each. Vehicle loan (Loan-III) having interest rate of 8.70% is repayable from October 2018 to September 2021 in 36 equal instalments of Rs 0.50 lakhs each. These loans are secured by hypothecation of vehicles purchased against the loan.

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

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

(vi) Unsecured loan availed from NBFC which are secured by personal guarantee of managing director. Loan-I bearing interest rate of 16.50% is repayable from October 2017 to September 2019 in 24 equal monthly instalments of ₹ 24.35 lakhs each. Loan-II bearing interest rate of 16.50% is repayable from July 2018 to June 2020 in 24 equal monthly instalments of ₹ 9.84 lakhs each.

ASSETS PLEDGED AS SECURITY

The gross carrying amounts of assets Pledged as security for current and non-current borrowings are:

		₹ lakhs
	As at 31 March 2020	**As at 31 March 2019**
Non Current Assets		
- Property, plant and equipment	14,165.10	12,648.46
Current Assets	17,629.17	19,124.86
Total assets Pledged as security	**31,794.27**	**31,773.32**

21 Other financial liabilities (Non Current)

		₹ lakhs
	As at 31 March 2020	**As at 31 March 2019**
Lease Liabilities (Refer note 43)	62.63	-
	62.63	**-**

Current :

22 Borrowings

		₹ lakhs
	As at 31 March 2020	**As at 31 March 2019**
Secured		
- From Banks, repayable on demand		
- Cash credit / packing credit	4,969.00	4,014.67
	4,969.00	**4,014.67**

(a) Cash credit from banks are secured by the first charge on all current assets both present and future and second charge on all the property, plant and equipment of the Company both present and future on pari pasu basis with other consortium members. The loans are secured by personal guarantee of Managing Director.

(b) Packing credit in foreign currency and post shipment credit Rs 998.52 lakhs (31 March 2019: ₹ 862.77 lakhs) in foreign currency from bank are secured by the first charge on all current assets both present and future and second charge on all the property, plant and equipment of the Company both present and future on pari pasu basis with other consortium members. Loans are also secured by personal guarantee of Managing Director.

Current :

23 Trade payables

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Dues of micro enterprises and small enterprises (Refer note below)	-	-
Payables to related parties (refer note 45)	18.35	6.96
Dues of creditors other than micro enterprises and small enterprises	6,573.02	7,188.29
	6,591.37	**7,195.25**
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	-	-
- Interest due on above	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-
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 Enterprises 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.

24 Other financial liabilities

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Current maturities of long term borrowings*	1,274.01	1,489.75
Interest accrued but not due on borrowings	9.66	60.90
Un-claimed dividends**	44.92	38.50
Employee related liabilities	262.52	309.31
Payable for capital expenditure	160.84	110.74
Overdrawn bank balances as per books	-	24.48
Lease Liabilities (Refer Note 43)	147.04	-
	1,898.99	**2,033.68**

* Company has decided to avail the benefits available under Moratorium scheme announced by Reserve Bank of India (RBI). Under this scheme, Management has an option to defer the repayment of loans falling due between March 2020 to August 2020 on payment of applicable interest. In the absence of the revised repayment schedule current maturity has been derived based on the latest repayment schedule available with the Company.

** There is delay in transferring unpaid dividend amount of ₹ 6.32 lakhs pertaining to FY 2011-12 to the Investor Education and Protection Fund under section 125 of the Companies Act,2013. The aforesaid unpaid dividend has not been transferred due to administrative issues faced by the bankers of the Company.

Current :

25 Other current liabilities

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Advance received from customers	571.18	1,239.14
Statutory dues	115.53	153.92
Deferred Government grants	54.33	47.77
Others	-	21.02
	741.04	**1,461.85**

26 Provisions

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
Provision for gratuity (Refer note 47)	55.17	57.48
Provision for compensated absences	50.76	9.83
	105.93	**67.31**

27 Current tax liabilities (net)

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Provision for tax (net of advance tax ₹ Nil) (31 March 2019 ₹ 122.89 lakhs)	-	374.99
	-	**374.99**

28 Revenue from operations (Refer note 53)

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Sale of products		
Manufactured goods	23,991.93	30,521.90
Stock in trade	1,788.01	1,751.95
Other operating revenue		
Product development income	969.57	-
Export incentives	647.76	870.06
Scrap Sales	4.33	7.23
Others	30.37	21.00
	27,431.97	**33,172.14**

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:

₹ lakhs

Nature of segment	Year ended 31 March 2020	Year ended 31 March 2019
A. Major Product/Service line:		
- Sale of pharmaceutical goods	25,779.94	32,273.85
- Product development income	969.57	-
-Others (Export incentives, Scrap sales, etc.)	682.46	898.29
Total revenue from contracts with customers	**27,431.97**	**33,172.14**
B. Primary geographical market:		
-In India	9,326.92	10,205.93
-Outside India	18,105.05	22,966.21
Total revenue from contracts with customers	**27,431.97**	**33,172.14**
C. Timing of the revenue recognition:		
- Goods transferred at a point in time	26,462.40	33,172.14
- Services transferred over time	969.57	-
Total revenue from contracts with customers	**27,431.97**	**33,172.14**

C CONTRACT BALANCES

₹ lakhs

Nature of segment	Year ended 31 March 2020	Year ended 31 March 2019
Significant changes in contract asset balances are as follows:		
Contract Assets		
Opening Balance	-	-
Add: Revenue recognised during the year	969.57	-
Less: Invoiced during the year	493.90	-
Closing balance	**475.67**	**-**

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 ₹ 475.93 lakhs as at year end.

The Company expects that 100% of these amounts would be recognised as revenue during the next reporting period.

29 Other income

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Interest income on		
-Fixed deposits	18.86	18.54
-Others	19.85	15.04
Dividend income on investments	0.60	0.60
Exchange rate difference (net)	208.38	138.71
Apportioned income from government grant	8.69	7.17
Provision for doubtful advances written back	188.39	-
Other non-operating income	20.88	24.88
	465.65	**204.94**

30 Cost of materials consumed

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Opening inventory	3,763.49	3,469.99
Add: Purchases	14,540.37	16,256.13
Less: Closing inventory	3,349.90	3,763.49
	14,953.96	**15,962.63**
Less: Cost of material sold	1,587.17	1,659.16
	13,366.79	**14,303.47**

31 Purchase of Stock in trade

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Details of purchases of traded goods		
Tablets	400.86	842.79
Capsules	93.80	183.47
Bulk Drugs	1,092.51	632.90
	1,587.17	**1,659.16**

32 Changes in inventories of finished goods and work in progress (Refer note 53)

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
At the end of the year		
Work in progress	552.01	634.29
Finished goods	1,505.77	783.52
	2,057.78	**1,417.81**
At the beginning of the year		
Work in progress	634.29	654.27
Finished goods	783.52	751.54
	1,417.81	**1,405.81**
	(639.97)	**(12.00)**

33 Employee benefits expense

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	4,736.17	4,423.22
Contribution to provident and other funds (Refer note 46(A) and 47(a))	134.06	133.36
Gratuity expense (Refer note 47)	47.36	40.49
Share based payments to employees (Refer note 49)	1.52	63.65
Staff welfare expenses	141.92	153.53
	5,061.03	**4,814.25**

34 Finance costs

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Interest on NCD's	423.00	-
Interest on other borrowings:		
- From banks	679.32	825.42
- From others	5.80	31.29
Exchange differences regarded as an adjustment to borrowing costs	2.72	115.28
Interest on delayed payment of income tax	24.96	18.00
Other borrowing costs	129.65	69.09
	1,265.45	**1,059.08**

35 Depreciation and amortisation expense

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on property, plant and equipment	1,161.76	997.10
Amortisation of intangible assets	165.39	117.18
	1,327.15	**1,114.28**

36 Other Expenses

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Consumption of stores and spares	158.84	74.51
Power and fuel	736.86	702.12
Water charges	10.58	16.84
Insurance	17.59	7.98
Repairs and maintenance		
Machines	297.01	348.52
Buildings	42.57	84.87
Others	135.62	158.37
Printing & stationery	52.63	50.47
Communication costs	41.80	49.33
Legal and professional fees	565.49	756.30
Payment to auditors (Refer note below (a))	54.99	58.53
Advertisement & sales promotion	156.84	210.62
Travelling and conveyance	378.04	397.20
Commission on sales	1,756.87	3,280.24
Freight and forwarding charges	537.12	746.22
Bad debts/ advances written off	-	46.26
Provision for doubtful debts	188.39	-
Rates and taxes	61.19	51.85
Property, plant and equipment written off	2.22	-
Loss on sale of property, plant and equipment (net)	0.53	41.07
Rent (Refer note 43)	12.67	21.08
Laboratories Expenses	460.60	696.19
Corporate social responsibility expenses	24.84	9.04
Miscellaneous expenses	385.45	357.38
	6,078.74	**8,164.99**

Note

(a) Auditors' Remuneration (excluding taxes)

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
As Auditors	48.00	47.00
Other Services	6.30	11.00
Out of Pocket Expenses	0.69	0.53
	54.99	**58.53**

37 Tax (expense) / credit

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Current tax for the year (net of Minimum alternative tax credit entitlement ₹ Nil) (31 March 2019: ₹ 428.13 lakhs)	-	(51.81)
Tax adjustments pertaining to earlier years	12.33	(10.43)
Deferred tax expenses		
Increase / (Decrease) in deferred tax assets	121.60	(598.57)
(Increase) / Decrease in deferred tax liabilities	199.95	10.54
	321.55	**(588.03)**
	333.88	**(650.27)**
Tax (expense) / credit recognised in Statement of profit and loss	322.80	(672.85)
Tax (expense) / credit recognised in other comprehensive income	11.08	22.58
	333.88	**(650.27)**
Tax reconciliation		
Profit before tax	**(148.74)**	**2,273.85**
Tax at the rate of 29.12% (31 March 2019 34.944%)	43.31	(794.57)
Tax adjustment pertaining to earlier years	12.33	(10.43)
Tax effect of amounts which are not deductible / taxable		
Permanent Disallowances	(8.08)	(24.31)
Additional deduction under Income tax act, 1961	125.38	238.71
Disallowance of Donation/Corporate social responsibility expenses	(18.30)	(4.14)
Other tax deductions	179.24	(55.53)
	333.88	**(650.27)**

38 Fair value measurements

Financial instruments by category:

All financial assets and financial liabilities, except derivative instruments and 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.

Financial assets and liabilities measured at fair value at each reporting date

Derivative instruments are measured at fair value through profit or loss at each reporting date. Since the valuation involves maximum use of observable inputs, valuation of forward contract derivatives is categorised as level 2.

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:

(₹ Lakhs)

Fair value for assets and liabilities measured at amortised cost	31 March 2020				31 March 2019			
	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3	Carrying amount
Financial liabilities								
Borrowings (other than current borrowings)	-	4,016.02	-	4,016.02	-	3,705.76	-	3,705.76

During the periods mentioned above, there have been no transfers amongst the levels of hierarchy.

The carrying amounts of security deposits, 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 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.

39 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 Managing Board.

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.

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

₹ lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Total Borrowings	8,985.02	7,720.43
% of Borrowings out of above bearing variable rate of interest	57%	78%

INTEREST RATE SENSITIVITY

A change of 50 bps in interest rates would have following Impact on profit before tax

₹ lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
50 bp increase would decrease the profit before tax by	(25.45)	(29.96)
50 bp decrease would Increase the profit before tax by	25.45	29.96

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 and borrowings dominated in foreign currency. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

Derivative instruments and unhedged foreign currency exposure

(a) Derivative instrument outstanding as at the reporting date

(Foreign currency In lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019		Purpose
Interest rate swaps	USD	-	USD	20.38	Hedge against exposure to variable interest on loan. Swap to pay fixed interest @ 7.8% p.a. and receive a variable interest @LIBOR on the outstanding amount.

Derivative financial instruments such as foreign exchange forward contracts are used for hedging purposes and not as trading or speculative instruments.

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

As at 31 March 2020 (Amount in lakhs)

Particulars	USD		EURO		CAD/ ZAR	
	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade Receivable	33.59	2,541.72	7.03	586.94	0.66	35.35
Trade payables	2.91	220.40	-	-	-	-
Advance received from customers	4.83	344.51	0.73	56.15	4.09	19.83
Balance in EEFC Account	0.11	8.08	-	-	-	-
PCFC and PFCFC	13.20	998.52	-	-	-	-
Export Commission	16.48	1,246.93	1.33	109.83	-	-

As at 31 March 2019 (Amount in lakhs)

Particulars	USD		EURO		CAD	
	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade Receivable	65.82	4,560.52	6.88	535.21	-	-
Trade payables	2.49	172.57	-	0.23	-	-
Advance received from customers	2.05	141.55	3.34	265.06	0.16	7.82
Balance in EEFC Account	-	-	-	-	-	-
Borrowings	25.62	1,775.13	-	-	-	-
PCFC and PFCFC	12.45	862.77	-	-	-	-
Export Commission	27.00	1,870.45	1.15	89.42	-	-

Sensitivity to foreign currency risk

₹ lakhs

Particulars	Impact on statement of profit and loss for the year ended	
	31 March 2020	31 March 2019
USD sensitivity		
INR / USD		
Increase by 5%	(13.03)	(13.10)
Decrease by 5%	13.03	13.10
Euro sensitivity		
INR / Euro		
Increase by 5%	21.05	9.03
Decrease by 5%	(21.05)	(9.03)

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:

i) Actual or expected significant adverse changes in business,

ii) Actual or expected significant changes in the operating results of the counterparty,

iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,

iv) Significant increase in credit risk on other financial instruments of the same counterparty,

v) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements .

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 Account receivables

₹ lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Not due	1,706.46	3,954.98
0-6 months	2,479.91	3,128.32
6-12 months	957.39	391.48
12 months to 24 months	684.71	119.42
beyond 24 months	1,392.56	2,143.85
Total	**7,221.03**	**9,738.05**

Financial Assets are considered to be of good quality and there is no significant increase in credit risk.

Movement in provisions of doubtful debts

₹ lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Opening provision	698.48	698.48
Add:- Additional provision made	188.39	-
Less:- Provision utilised/ adjusted against bad debts	-	-
Less:- Provision reversed against recoveries	-	-
Closing provisions	**886.87**	**698.48**

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 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 2020

(₹ in lakhs)

Particulars	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
Non-current borrowings (including current maturities)	1,274.01	2,742.01	-	4,016.02
Current financial liabilities - Borrowings	4,969.00	-	-	4,969.00
Trade payables	6,591.37	-	-	6,591.37
Other current financial liabilities	624.98	-	-	624.98
Total	**13,459.36**	**2,742.01**	**-**	**16,201.37**

As at 31 March 2019

(₹ in lakhs)

Particulars	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
Non-current borrowings from banks (including current maturities)	1,489.75	2,216.01	-	3,705.76
Current financial liabilities - Borrowings	4,014.67	-	-	4,014.67
Trade payables	7,195.25	-	-	7,195.25
Other current financial liabilities	543.93	-	-	543.93
Total	**13,243.60**	**2,216.01**	**-**	**15,459.61**

40 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.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.

₹ lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
The capital composition is as follows:		
Net debt#	8,927.55	7,745.22
Total equity	15,175.52	15,121.94
Net debt to equity ratio	**59%**	**51%**

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)

41 Net debt reconciliation

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents	67.13	36.11
Non- current borrowings	(4,016.02)	(3,705.76)
Current borrowings	(4,969.00)	(4,014.67)
Interest Payable	(9.66)	(60.90)
Net Debt	**(8,927.55)**	**(7,745.22)**

₹ lakhs

	Cash and cash equivalents and bank overdraft	Non current borrowings	Current borrowings	Interest Payable	Total
Net as at 01 April 2019	**36.11**	**(3,705.76)**	**(4,014.67)**	**(60.90)**	**(7,745.22)**
Cash flows	31.02	(358.62)	(913.07)	-	(1,240.67)
Foreign Exchange adjustments	-	48.36	(41.26)	(48.36)	(41.26)
Finance Cost Expense	-	-	-	(1,265.45)	(1,265.45)
Finance Cost Paid	-	-	-	1,365.05	1,365.05
Net as at 31 March 2020	**67.13**	**(4,016.02)**	**(4,969.00)**	**(9.66)**	**(8,927.55)**

42 Dividends

₹ lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Equity dividend		
Final dividend for the year ended 31 March 2019 of ₹ 0.50 per fully paid share (31 March 2018 : ₹ 0.50 per fully paid share) (Refer note 18(e))	80.90	80.60

43 Transitional Provision- Ind AS 116 Leases

The Company's lease asset primarily consist of leases for land (reclassified) and for Plant and equipment and buidling having various lease terms.

The Company has adopted the new accounting standard i.e. Ind AS 116- Leases, which has become effective from 1 April 2019 (transition date). This new standard replaces earlier standard on leases i.e. Ind AS 17.

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting Ind AS 116 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated. The Company has recognised lease liability on the date of initial application at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company has recognised a right-of-use asset on the date of initial application at its carrying amount as if the Standard had been applied since the commencement date of lease but discounted using the incremental borrowing rate at the date of initial application. On transition to Ind AS 116, the weighted average incremental borrowing rate applied to lease liabilities recognised was 13.50% p.a.

Practical expedient opted by Company:

- For contracts in place at the date of transition, the Company has elected to apply the definition of a lease from Ind AS 17 and Appendix C to Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17 and Appendix C to Ind AS 17.
- The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of transition to Ind AS 116, being 1 April 2019.
- On transition, Company has elected not to apply Ind AS 116 to leases previously accounted for as operating leases, with a remaining lease term of less than 12 months and not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

Exemptions availed by Company:

The Company has elected not to recognise right-of-use assets in below mentioned cases but to account for the lease expense on a straight-line basis over the remaining lease term or on another systematic basis if that basis is more representative of the pattern of the Company's benefit:

- A lease that, at the commencement date, has a lease term of 12 months or less i.e. short-term leases and
- leases for which the underlying asset is of low value

The Company has benefitted from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

The Company has discounted lease payments using the incremental borrowing rate as at 1 April 2019 for measuring lease liabilities at ₹146.13 lakhs and accordingly recognised right-of-use assets at ₹156.94 lakhs by adjusting retained earnings by ₹ 3.63 lakhs (net of tax), including adjustments for prepaid/accrued rent and lease equalisation reserve, as at the aforesaid date.

The impact of adopting Ind AS 116 on the financial statements for the year ended 31 March 2020 is as follows:

₹ lakhs

Particulars	Year ended 31.03.2020 (Erstwhile basis)	Year ended 31.03.2020 (As per Ind AS-116)	Decrease/ (Increase) in (loss)
Other expenses	6,161.85	6,078.74	83.11
Finance costs	1,248.47	1,265.45	(16.98)
Depreciation and amortisation	1,246.33	1,327.15	(80.82)
(Loss) Before tax	(134.05)	(148.74)	(14.69)

₹ lakhs

Particulars	As at 31 March 2020
The Balance sheet discloses the following amounts relating to leases:	
Right-of-use assets	
Buildings	19.35
Plant and equipment	295.24
	314.59
Lease liabilities	
Current	147.04
Non-current	62.63
	209.67

₹ lakhs

Amounts recognised in statement of profit and loss	For the year ended 31 March 2020
Depreciation charge on Right-of-use assets	
Buildings	8.28
Plant and equipment	72.54
	80.82
Interest expense included in finance cost	16.98
Expense relating to short-term leases	12.67
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)	66.12
Additions to the right of use assets during the current financial year	238.47

44 Research and development expenditure

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Revenue expenditure charged to Statement of Profit and Loss (under notes 33, 35 and 36)	1,451.73	1,530.85
Capital Expenditure	70.72	246.66
	1,522.45	**1,777.51**

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 (w.e.f. 28 May 2019)	Wholly Owned Subsidiary Company
SIA Zim Laboratories Limited, Latvia (w.e.f. 6 September 2019)	Wholly Owned Subsidiary Company
Zim Laboratories FZE,UAE	Wholly Owned Subsidiary Company

(ii) Key Managerial Personnel:	Nature of relationship
Mr. Anwar S. Daud	Managing Director and shareholder with significant influence
Mr. Zulfiquar Kamal	Director (Finance)
Mr. Riaz A. Kamal	Executive Director
Mr. Niraj Dhadiwal	Executive Director
Mr. Prakash Sapkal	Executive Director
Mr.Naresh Gaikwad	Independent Director
Mr. V.V. Parashar	Independent Director
Mr. Suprakash. Chakravarty	Independent Director
Mr. Padmakar Joshi	Independent Director
Mrs. Kavita Loya	Independent Director
Mr. Piyush Nikhade	Company Secretary
Mr. Shyam Mohan Patro (w.e.f. 1 April 2019)	Chief Financial Officer

(iii) Other relatives:

Mrs. Tasneem Daud	Wife of Managing Director
Mrs. Sabbah Kamal	Wife of Director (Finance)
Mrs. Nidhi Sapkal	Wife of Executive Director
Mr. Hasan Kamal	Son of Director (Finance)
Mr. Shabbar Daud	Brother of Managing Director

(iv) Other Significant influences

AA Development Capital India Fund 1, LLC	Investor exercising significant influence

B. RELATED PARTY DISCLOSURES:

₹ lakhs

Nature of transactions	Year ended 31 March 2020	Year ended 31 March 2019
1) Remuneration		
Mr. Anwar S. Daud	100.00	110.00
Mr. Riaz A. Kamal	24.00	29.00
Mr. Zulfiquar Kamal	65.00	75.00
Mr. Niraj Dhadiwal	50.62	82.00
Mr. Prakash Sapkal	49.62	81.00
Mr. Piyush Nikhade	17.00	12.77
Mr. Shyam Mohan Patro	52.49	-
2) Director's fees and commission		
Mr.Naresh Gaikwad	1.00	1.00
Mr. V.V. Parashar	1.00	1.00
Mr. Suprakash. Chakravarty	1.00	1.00
Mr. Padmakar Joshi	1.00	1.00
Mrs. Kavita Loya	6.00	6.00
3) Professional Fees		
Mrs. Nidhi Sapkal	24.00	25.00
Zim Health Technologies Limited	39.00	-
4) Rent paid		
Mr. Anwar S. Daud	9.60	9.60
Mrs. Sabbah Kamal	2.40	0.70
The remuneration to Key management personnel does not include provision for employee benefits determined on actuarial basis.		
5) Share Application Money received, shares were allotted during the year under ESOS		
Mr. Niraj Dhadiwal	2.50	-
Mr. Prakash Sapkal	2.50	-
6) Dividend Paid		
Mr. Anwar S. Daud	22.23	22.23
Mr. Riaz A. Kamal	0.02	0.02
Mr. Zulfiquar Kamal	1.99	1.99
Mr. Niraj Dhadiwal	0.50	0.38
Mr. Prakash Sapkal	0.50	0.38
AA Development Capital India Fund 1, LLC	17.83	17.83

₹ lakhs

Nature of transactions	Year ended 31 March 2020	Year ended 31 March 2019
Mrs. Sabbah Kamal	2.50	2.50
Mrs. Tasneem Daud	0.05	0.05
Mrs. Nidhi Sapkal	0.11	0.11
Mr. Hasan Kamal	0.17	0.17
Mr. Shabbar Daud	0.07	0.07
7) Sales		
Zim Laboratories FZE,UAE	984.08	659.45
8) Acquisition of subsidiary (Zim Health Technologies Limited)		
Mr. Anwar S. Daud	2.50	-
Mr. Zulfiquar Kamal	2.45	-
Mr. Prakash Sapkal	0.01	-
Mrs. Nidhi Sapkal	0.01	-
Mrs. Tasneem Daud	0.01	-
Mrs. Sabbah Kamal	0.01	-
9) Investment		
Zim Laboratories FZE,UAE	283.23	444.32
Zim Health Technologies Limited, India	35.00	-
SIA Zim Laboratories Limited, Latvia	30.87	-

₹ lakhs

Balances outstanding at year end	As at 31 March 2020	As at 31 March 2019
Advance for expenses to Key Managerial Personnel		
Mr. Anwar S. Daud	14.11	-
Payable to Key Managerial Personnel		
Mr. Anwar S. Daud	-	6.85
Mr. Zulfiquar Kamal	5.09	10.60
Mr. Riaz A. Kamal	0.73	4.21
Mr. Niraj Dhadiwal	3.41	9.29
Mr. Prakash Sapkal	3.62	9.18
Mr. Piyush Nikhade	0.88	0.71
Mr. Shyam Mohan Patro	3.40	-
Trade Payable		
Mr. Anwar S. Daud	6.48	1.44
Mrs. Nidhi Sapkal	2.16	2.16
Mrs. Sabbah Kamal	2.12	0.36
Zim Health Technologies Limited, India	2.70	-
Mr.Naresh Gaikwad	0.27	0.17
Mr. V. V. Parashar	0.28	0.18
Mr. Suprakash. Chakravarty	0.90	0.40
Mr. Padmakar Joshi	0.54	0.35
Mrs. Kavita Loya	2.90	1.90
Trade Receivables		
Zim Laboratories FZE,UAE	676.07	555.24

All borrowings from banks (expect Vehicle Loans),NCD's and NBFC's are guaranteed by the managing director of the Company (Refer notes 20 & 22).

EXECUTIVE DIRECTORS COMPENSATION

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
a) Short- term employee benefits	288.39	375.60
b) Post- employment benefits	0.85	1.40
Total compensation *	**289.24**	**377.00**

* The remuneration to Key management personnel does not include provision for employee benefits determined on actuarial basis.

46 Contingent Liabilities and Commitments

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
(A) Contingent Liabilities		
Service tax	-	227.99
Income tax	551.42	212.01
Gram Panchayat Tax	6.69	6.69
Export obligation-Advance License	31.16	66.94
Total	**589.27**	**513.63**

Notes:

1. The Company does not expect any reimbursement in respect of the above contingent liabilities.
2. 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.

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
(B) Commitments		
Estimated value of contracts in capital account remaining to be executed (net of capital advance)	200.29	265.02
Commitment relating to lease arrangements (Also refer note 43)	-	36.78

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:

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Employer's Contribution to Provident fund	116.73	110.10
Employer's Contribution to ESIC	16.96	22.90
Employer's Contribution to Labour welfare fund	0.37	0.36

(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.

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Mortality Table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Discount rate	6.59%	7.48%
Salary growth rate	5.00%	5.00%
Withdrawal rate	12.00%	12.00%
Expected rate & return on Plan assets	6.59%	7.48%
Changes in the Fair value of Plan Assets		
Present Value of Plan Assets at the beginning of the year	395.88	289.62
Investment Income	29.61	22.24
Employer's Contribution	62.07	87.50
Benefits Paid	-	(1.48)
Actuarial adjustment: Return on plan assets, excluding amount recognised in net interest expense	(7.09)	(2.00)
Fair Value of Plan Assets at the end of the year	**480.47**	**395.88**
Changes in the Present Value of Obligation		
Present Value of Obligation at the beginning of the year	453.36	330.91
Current Service Cost	43.06	37.32
Interest Expenses or Cost	33.91	25.41
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in the demographic assumptions	-	-
- change in the financial assumptions	21.88	4.20
- experience variance (i.e. Actual experience v/s assumptions)	9.07	58.43
Past Service Cost	-	-
Benefits Paid	(25.64)	(2.91)
Present Value of Obligation at the end of the year	**535.64**	**453.36**

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Amount recognised in the Balance Sheet		
Present Value of Obligation at the end of the year	535.64	453.36
Fair Value of Plan Assets at the end of the year	(480.47)	(395.88)
Net Liability recognised at the end of the year	**55.17**	**57.48**
Percentage of each category of plan assets to total fair value of plan assets as at year end:		
Administered by Life Insurance Corporation of India	100.00%	100.00%

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Expenses recognised in the Statement of Profit and Loss		
Current Service Cost	43.06	37.32
Past Service Cost	-	-
Loss/ (Gain) on settlement	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	4.30	3.17
Total expenses recognised in the Statement of Profit and Loss	**47.36**	**40.49**
Actuarial (gains) / losses		
Actuarial (Gains)/Losses on Obligation For the Period	30.95	62.63
Return on Plan Assets, Excluding Interest Income	7.09	2.00
Actuarial (Gain)/ Loss recognised in Other Comprehensive Income	**38.04**	**64.63**

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
The defined benefit obligations shall mature after year end 31 March 2020 as follows :		
Year 1	87.83	69.80
Year 2	73.41	60.48
Year 3	59.47	63.73
Year 4	57.66	49.43
Year 5	60.83	49.60
Thereafter	452.72	411.34

Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, attrition 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:

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Defined Benefit Obligation (Base)	535.64	453.36

₹ lakhs

	Year ended 31 March 2020		Year ended 31 March 2019	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+ 1%)	27.18	(24.45)	22.33	(20.16)
(% change compared to base due to sensitivity)	5.1%	-4.6%	4.9%	-4.4%
Salary Growth Rate (-/+ 1%)	(23.13)	24.87	(19.06)	20.51
(% change compared to base due to sensitivity)	-4.3%	4.6%	-4.2%	4.5%
Attrition Rate (+/- 0.50%)	(2.59)	2.30	(3.54)	3.18
(% change compared to base due to sensitivity)	-0.5%	0.4%	-0.8%	0.7%

(c) COMPENSATED ABSENCES

The obligation for compensated absences is recognised in the same manner as gratuity and net charge to the Statement of Profit and Loss for the year is ₹ 76.53 lakhs (Previous Year: ₹ 37.65 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".

Information about geographical areas are as under :

₹ lakhs

	31 March 2020			31 March 2019		
	In India	Outside India	Total	In India	Outside India	Total
Revenue from operations	9,326.92	18,105.05	27,431.97	10,205.93	22,966.21	33,172.14
Carrying amount of segment assets	26,543.66	3,558.46	30,102.12	26,070.00	5,113.31	31,183.31
Capital expenditure for the year	1,671.50	339.28	2,010.78	2,150.23	325.99	2,476.22
- Tangible	1,666.00	-	1,666.00	2,143.44	-	2,143.44
- Intangible	5.50	339.28	344.78	6.79	325.99	332.78

The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 2.1

49 Employees Stock Option Scheme

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

I. THE POSITION OF THE EMPLOYEE STOCK OPTION SCHEME (ESOS) OF THE COMPANY AS AT 31 MARCH 2020 IS AS UNDER:

S. No.	Particulars	ESOS
1	Details of approval	Resolution passed by Nomination & Remuneration committee at its meeting dated 16 May 2015 and the shareholders, in the Extra ordinary General Meeting held on 27 May 2015 had approved the grant of 1,22,449 employee stock options in accordance with the ESOP Scheme, equivalent to 1.53% of the issued and paid up share capital of the Company as at 31 March 2015. During the previous year, Nomination & Remuneration committee at its meeting dated 14 August 2018 and the Shareholders in the Annual General Meeting held on 21 September 2018 have approved the ZIM Laboratories Limited Employees Stock Option Scheme 2015, as amended in accordance with the requirements of SEBI (Share Based Employee Benefit), Regulations 2014. Shareholders in above Annual General Meeting have also approved issue of bonus shares in the ratio of 1:1 to shareholders holding shares as on Record Date i.e. 06 October 2018. Accordingly, the outstanding options as at 6 October 2018 have been adjusted for issue of bonus shares.
2	Total number of stock options approved	1,83,665
3	Vesting schedule	01 June 2016 - 30,625 equity shares 01 June 2017 - 30,608 equity shares 01 June 2018 - 61,216 equity shares 01 June 2019 - 61,216 equity shares
4	Maximum term of Options granted (years)	5
5	Source of shares (Primary, Secondary or combination)	Primary
6	Variation in terms of options	NA
7	Price per option	At Face value (i.e. Rs 10)
8	The exercise period	Exercise anytime within one year from date of vesting.
9	Vested during the year	61,216
10	Exercised during the year	61,216
11	Weighted average price* (₹)	117.81 (before adjustment towards issue of bonus shares)

*Weighted average price of options as per Black -Scholes Option Pricing model at the grant date using the Black Scholes Option Valuation model with the following assumptions:

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

II. WEIGHTED AVERAGE EXERCISE PRICE OF OPTIONS GRANTED DURING THE YEAR WHOSE

Particulars	Particulars
Exercise price equals fair value	Nil
Exercise price is greater than fair value	Nil
Exercise price is less than fair value	Nil

III. WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED DURING THE YEAR WHOSE

Particulars	Particulars
Exercise price equals fair value	Nil
Exercise price is greater than fair value	Nil
Exercise price is less than fair value	Nil

IV. THE MOVEMENT OF STOCK OPTIONS DURING THE YEAR ENDED 31 MARCH 2020 ARE SUMMARIZED BELOW:

Particulars	Number of options
Options outstanding at the beginning of the year	61,216
Options Forfeited / lapsed during the year	Nil
Options vested during the year	61,216
Options exercised during the year	61,216
Money realised by exercise of options	₹ 6.12 lakhs
Expired during the year	Nil
Options outstanding at the end of the year	-
Options exercisable at the end of the year	61,216

V. THE EXERCISE PRICE AND EXPECTED REMAINING CONTRACTUAL LIFE (COMPRISING THE VESTING PERIOD AND EXERCISE PERIOD) OF OPTIONS OUTSTANDING AS AT 31 MARCH 2020 IS AS FOLLOWS:

Grant Date	Number of options	Vesting Date	Exercise End Date	Exercise Price	Expected remaining contractual life
01-Jun-15	61,216	01-Jun-19	01-Jun-20	10	2 months

VI. CASH INFLOW ON EXERCISE OF OPTIONS AND WEIGHTED AVERAGE SHARE PRICE AT THE DATE OF EXERCISE:

	Year ended 31 March 2020	₹ lakhs Year ended 31 March 2019
Exercised during the year	6.12	-

There are no cash settled plans implemented by the Company and hence there is no further liability booked in the books.

VII. THE ESTIMATES OF FUTURE CASH INFLOW THAT MAY BE RECEIVED UPON EXERCISE OF OPTIONS:

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Within one year	6.12	6.12
Between two years to five years	-	6.12

50 Earning in foreign currency (accrual basis)

₹ lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Exports at F.O.B. value	15,999.33	20,785.16
Product development income	944.82	-
Sale of Dossiers	23.37	-
	16,944.15	**20,785.16**

51 Earnings per share

₹ lakhs

Particulars		Year ended 31 March 2020	Year ended 31 March 2019
I.	Profit Computation for both Basic and Diluted Earnings per share:		
	Net Profit attributable to equity share holders (in ₹)	174.06	1,601.00
II.	Computation of weighted average number of equity shares :		
	Weighted average number of equity shares in calculating basic EPS (Refer note 18(e))	16,174,032	16,119,506
	Weighted average number of equity shares in calculating diluted EPS (Refer note 18(e))	16,230,458	16,232,359
III.	Earnings Per Share:		
	Basic Earning Per Share (₹) (Face value of ₹ 10 per share)	1.07	9.93
	Diluted Earning Per Share (₹) (Face value of ₹ 10 per share)	1.07	9.86

52 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 :

₹ lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Average net profit of the Company for last three financial years	1970.54	1399.26
Prescribed CSR expenditure (2% of the average net profit as computed above)	39.41	28.00
Details of CSR expenditure during the financial year :		
Total amount to be spent for the financial year	39.41	28.00
Amount spent	24.84	9.04
Amount unspent	14.57	18.96

53 During the month of March 2020, the Governments of various countries had imposed lockdown in an effort to control the spread of pandemic COVID-19. Accordingly, logistical challenges and export ban on the medicines have resulted in deferment of certain underlying revenue from March 2020 to the months of April 2020 and May 2020 and corresponding increase in finished goods inventory as at 31 March 2020.

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

Adi P. Sethna
Partner
Membership No.: 108840

Place: Mumbai
Date: 02 June 2020

For and on behalf of the Board of Directors

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director (Finance)
DIN: 01786763

Shyam Mohan Patro
Chief Financial Officer

Piyush Nikhade
Company Secretary

Place: Nagpur
Date: 02 June 2020

Independent Auditor's Report

To the Members of ZIM Laboratories Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. 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 2020, 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, 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 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 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 accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the consolidated state of affairs of the Group, as at 31 March 2020, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

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 Consolidated 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 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16 of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Note 12 (b) to the accompanying Consolidated Financial Statement regarding delay in receipt of foreign currency receivables of the Holding Company aggregating ₹ 913.98 lakhs as at 31 March 2020, beyond the timelines stipulated vide FED Master Direction No. 16/2015-16, under the Foreign Exchange Management Act, 1999. The management of the Company is in the process of recovering the outstanding dues and is of the view that the fine/penalties, if any that may be levied pursuant to the delay, are currently unascertainable but would not be material and accordingly, the accompanying Consolidated Financial Statement do not include any consequential adjustments with respect to such delay/default. Our conclusion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matters
a) Capitalization and realisability of 'Product Marketing Authorization' Rights (Refer Note 2.1(f) to the accompanying consolidated financial statements for accounting policy and Note 5(A) for the related disclosures) 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 authorization's in respective geographies, which are subject to regulatory approvals. The expenses towards registrations are capitalized as 'Product Marketing authorizations'. 'Product Marketing Authorization' (marketing rights) primarily include costs pertaining to bioequivalence studies, analytical method validation studies and product registration costs in respective geographies. Based on management's expectation of its commercial utilization of these products, these costs are amortized over a period of three years from date of capitalization. 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. 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. 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.	Our audit procedures included, but were not limited to the following: • Obtained an understanding of the management process and controls for calculating the amount to be capitalized and their realisability, and assessed the consistency of the accounting policies with relevant accounting standards; • 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. • 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. • 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 communications of the Company's management (as distinct from the financial management function) with respective authorities. • 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 • In respect of marketing rights for products that are no longer considered viable, we determined whether the carrying amount had been appropriately written off. Evaluated the adequacy of the related disclosures made in the consolidated financial statements.

Key audit matters	How our audit addressed the key audit matters
b) Recoverability assessment of secured trade receivables (Refer Note 12 (a) for trade receivable disclosures) As at 31 March 2020, the trade receivables of the Holding Company includes certain secured trade receivable. Trade receivables are stated at their original value less appropriate allowances for estimated irrecoverable amount. The impairment of trade receivables is calculated for each class of trade receivables using management's judgement on expected realization, historical collection trends and realizable value of security for secured receivables, in accordance with the expected credit loss guidance prescribed by Ind AS 109: 'Financial Instruments'. For the trade receivables secured against the shares of the Company pledged with an escrow agent pursuant to an escrow agreement entered between the Company and its former chairman, the management estimates the expected realizable value less cost of disposal of such shares to determine the provision required to be made for the secured debtors. Such estimation involves management judgement and estimation uncertainty due to possible price variation that may occur over the period over which such shares are expected to be liquidated to recover the dues. Considering the nature of the arrangement, materiality of secured trade receivable balances and the judgements involved in the estimation of expected credit losses on such class of trade receivables, this matter is considered to be a key audit matter for the current year audit.	Our audit procedures included, but were not limited to the following: • Obtained an understanding of the management's process to determine the value of the security received for trade receivables and computation of expected credit loss for such secured assets. • Evaluated the design, implementation and tested the operating effectiveness of the Company's key internal controls over the provisioning of secured trade receivables; • Inspected the escrow agreement entered between the Company and the former chairman to confirm our understanding obtained from the management with respect to the security of the trade receivable. Scrutinized the agreement for any terms indicating possible conditions precedent that are required to be met before encashing the available security to set off outstanding debts. • Assessed the reasonableness of management's estimates and assumptions used to determine the value of security in respect of secured trade receivables and expected costs in order to test the impairment, if any, on specific secured trade receivables; • Evaluated appropriateness of disclosures made in the consolidated financial statements with respect to the trade receivables and provisioning thereof.

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

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

8. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The Holding Company's Board of Directors is 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 / management of the companies included in the Group, covered under the Act, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

9. In preparing the consolidated financial statements, the respective Board of Directors/management of the companies included in the Group, are responsible for assessing the ability of the respective companies in the Group, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors/ management either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

10. The respective Board of Directors/ management of the companies included in the Group, are responsible for overseeing the financial reporting process of the companies included in the Group.

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

11. 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.

12. As part of an audit in accordance with Standards on Auditing, 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 Holding Company has adequate internal financial controls with reference to consolidated 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 management's 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 consolidated 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.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, and its associates and joint ventures, 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 consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated 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.

13. 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.

14. 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.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 Matters

16. We did not audit the financial statements of two subsidiaries, whose financial statements (before eliminating inter company balances) reflects total assets of ₹ 1,668.65 Lakhs and net assets of ₹ 961.87 lakhs as at 31 March 2020, total revenues (before eliminating inter company transactions) of ₹ 1,402.05 lakhs and net cash inflows amounting to ₹ 61.10 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor's whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of 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, is based solely on the report of the other auditor's.

Further, of these subsidiaries one subsidiary is located outside India whose financial statements have been prepared in accordance with the accounting principles generally accepted in their respective country and which have been audited by other auditors in accordance with the International Standards on Auditing. The Holding Company's management has converted the financial statements of the subsidiary located outside India from accounting principles generally accepted in its respective country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion, and matters identified and disclosed under key audit matters section above, in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, 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 auditor's.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act, based on our audit and on the consideration of the report of the other auditor, referred to in paragraph 16, on separate financial statements of the subsidiary, we report that the Holding Company and its subsidiary company covered under the Act 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.

18. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of the subsidiaries, 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 report 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 statement complies with Ind AS specified under Section 133 of the Act;

    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 company covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31 March 2020 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 company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I'; 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

   ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. following is the instance of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company;

   Unpaid dividend for Financial Year 2011-2012 amounting to ₹ 6.32 lakhs;

   iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

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

Adi P. Sethna
Partner
Membership No.: 108840

UDIN:- 20108840AAAABS2479

Place: Mumbai
Date: 02 June 2020

Annexure 1

List of entities included in the Statement

Wholly owned Subsidiary companies

- ZIM Laboratories FZE
- ZIM Health Technologies Limited and
- SIA "ZIM Laboratories Limited"

Annexure A to the Independent Auditor's Report of even date to the members of ZIM Laboratories Limited on the consolidated financial statement for the year ended 31 March 2020

Independent Auditor's Report on the Internal Financial Controls with reference to 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 subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Holding Company and Indian subsidiary, Companies covered under the Act, as at that date.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR INTERNAL FINANCIAL CONTROLS

2. The Board of Directors of the Holding Company and one subsidiary 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 the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (The ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of 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 internal financial controls with reference to consolidated financial statements of the Holding Company, based on our audit. The audit of internal financial controls of a subsidiary, which is a company covered under the Act, and reporting under Section 143(3)(i) is exempted vide MCA notification no. G.S.R. 583(E) dated 13 June 2017 read with corrigendum dated 14 July 2017. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to 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 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.

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 consolidated 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 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, have in all material respects, adequate internal financial controls with reference to consolidated financial statements and such controls were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Holding 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

Adi P. Sethna
Partner
Membership No.: 108840

UDIN:- 20108840AAAABS2479

Place: Mumbai
Date: 02 June 2020

Consolidated Balance Sheet

as at 31 March 2020

	Note	As at 31 March 2020	₹ lakhs As at 31 March 2019
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	10,742.85	9,943.71
Capital work-in-progress	4	474.24	775.50
Goodwill on consolidation	5(A)	16.94	-
Other Intangible assets	5(A)	832.34	657.10
Intangible assets under development	5(B)	488.15	556.19
Financial Assets			
Investments	6	5.15	5.15
Other financial assets	7	239.90	352.73
Deferred tax assets (net)	8	532.81	207.60
Income tax (current-tax) assets (net)	9	371.90	240.90
Other non-current assets	10	622.91	697.02
		14,327.19	**13,435.90**
Current assets			
Inventories	11	5,638.91	5,505.27
Financial Assets			
Trade receivables	12	6,792.70	9,309.70
Cash and cash equivalents	13	146.10	49.91
Bank balances other than cash and cash equivalents	14	248.96	244.40
Loans	15	16.12	24.77
Other financial assets	16	645.48	120.96
Other current assets	17	4,714.78	4,154.12
		18,203.05	**19,409.13**
TOTAL ASSETS		**32,530.24**	**32,845.03**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	1,618.07	1,611.95
Other equity	19	13,764.03	13,499.89
		15,382.10	**15,111.84**
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	20	2,742.01	2,216.01
Other financial liabilities	21	62.63	-
		2,804.64	**2,216.01**
Current liabilities			
Financial Liabilities			
Borrowings	22	4,969.00	4,014.67
Trade payables	23		
- total outstanding due of micro enterprises and small enterprises		-	-
- total outstanding due of creditors other than micro enterprises and small enterprises		6,600.11	7,195.25
Other financial liabilities	24	1,917.40	2,377.79
Other current liabilities	25	751.06	1,487.17
Provisions	26	105.93	67.31
Current Tax Liabilities (net)	27	-	374.99
		14,343.50	**15,517.18**
TOTAL LIABILITIES		**17,148.14**	**17,733.19**
TOTAL EQUITY AND LIABILITIES		**32,530.24**	**32,845.03**
Significant accounting policies and other explanatory information	1 - 52		-

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

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

Adi P. Sethna
Partner
Membership No.: 108840

Place: Mumbai
Date: 02 June 2020

For and on behalf of the Board of Directors

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director (Finance)
DIN: 01786763

Shyam Mohan Patro
Chief Financial Officer

Piyush Nikhade
Company Secretary

Place: Nagpur
Date: 02 June 2020

Consolidated Statement of Profit and Loss

for the year ended 31 March 2020

		Note	Year ended 31 March 2020	₹ Lakhs Year ended 31 March 2019
I.	**Income**			
	Revenue from operations	28	27,773.92	33,537.03
	Other income	29	452.08	204.94
	Total Income		**28,226.00**	**33,741.97**
II.	**Expenses**			
	Cost of materials consumed	30	13,366.79	14,303.47
	Purchase of stock in trade	31	1,587.17	1,659.16
	Changes in inventories of finished goods and work-in-progress	32	(639.97)	(12.00)
	Employee benefits expense	33	5,137.19	4,826.01
	Finance costs	34	1,265.45	1,059.08
	Depreciation and amortisation expense	35	1,441.16	1,141.83
	Other expenses	36	6,061.35	8,557.38
	Total Expenses		**28,219.14**	**31,534.93**
III.	**Profit before tax**		**6.86**	**2,207.04**
IV.	**Tax (expense)/credit:**	37		
	(i) Current Tax		-	(479.94)
	(ii) Tax (deferred) adjustment pertaining to earlier years		12.33	(10.43)
	(iii) Deferred Tax		310.47	(182.48)
			322.80	(672.85)
V.	**Net Profit After Tax**		**329.66**	**1,534.19**
VI.	**Other Comprehensive Income - Gain/ (Loss)**			
	Items that will not be reclassified to profit or loss			
	- Measurements of defined employee benefit plans		(38.04)	(64.63)
	- Income tax relating to items that will not be reclassified to profit or loss		11.08	22.58
	Items that may be reclassified to profit or loss			
	- Gains and losses arising from translating the financial statements of foreign operation		61.08	(7.07)
			34.12	**(49.12)**
VIII.	**Total Comprehensive Income**		**363.78**	**1,485.07**
IX.	**Earnings per equity share: Nominal value of ₹ 10 per share**	51		
	Basic (In ₹)		2.03	9.52
	Diluted (In ₹)		2.03	9.45
	Significant accounting policies and other explanatory information	1 - 52		

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

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

Adi P. Sethna
Partner
Membership No.: 108840

Place: Mumbai
Date: 02 June 2020

For and on behalf of the Board of Directors

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director (Finance)
DIN: 01786763

Shyam Mohan Patro
Chief Financial Officer

Piyush Nikhade
Company Secretary

Place: Nagpur
Date: 02 June 2020

Consolidated Statement of Changes in Equity

for the year ended 31 March 2020

Equity share capital (Refer note 18)

	Number of shares	₹ lakhs
As at 01 April 2018	8,059,753	805.97
Changes during the year	8,059,753	805.98
As at 31 March 2019	16,119,506	1,611.95
Changes during the year	61,216	6.12
As at 31 March 2020	**16,180,722**	**1,618.07**

Other equity (Refer note 19)

₹ lakhs

	Reserves & Surplus				Employee stock options	Total
	Securities Premium	**General Reserve**	**Foreign currency monetary items translation**	**Retained earnings**		
Opening balance as at 1 April 2018	4,833.29	106.20	(1.61)	7,857.40	59.04	**12,854.32**
Transactions during the year						
Total comprehensive income for the year						
Profit / (loss) for the year	-	-	-	1,534.19	-	**1,534.19**
Dividend	-	-	-	(80.60)	-	**(80.60)**
Dividend distribution tax	-	-	-	(16.57)	-	**(16.57)**
Employee Stock Option expenses	-	-	-	-	63.65	**63.65**
Amount utilized for issue of bonus shares	(805.98)	-	-	-	-	**(805.98)**
OCI for the year	-	-	(7.07)	(42.05)	-	**(49.12)**
Closing balance as at 31 March 2019	4,027.31	106.20	(8.68)	9,252.37	122.69	**13,499.89**
Transactions during the year						
Total comprehensive income for the year						
Profit / (loss) for the year	-	-	-	329.66	-	**329.66**
Dividend	-	-	-	(80.90)	-	**(80.90)**
Dividend distribution tax	-	-	-	(16.63)	-	**(16.63)**
Employee Stock Option expenses	-	-	-	-	1.52	**1.52**
Adjustment towards fair value of ESOP	-	-	-	52.65	(52.65)	**-**
Transfer from ESOP	35.78	-	-	-	(35.78)	**-**
Lease adjustment	-	-	-	(3.63)	-	**(3.63)**
OCI for the year	-	-	61.08	(26.96)	-	**34.12**
Closing balance as at 31 March 2020	**4,063.09**	**106.20**	**52.40**	**9,506.56**	**35.78**	**13,764.03**

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

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

Adi P. Sethna
Partner
Membership No.: 108840

Place: Mumbai
Date: 02 June 2020

For and on behalf of the Board of Directors

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director (Finance)
DIN: 01786763

Shyam Mohan Patro
Chief Financial Officer

Piyush Nikhade
Company Secretary

Place: Nagpur
Date: 02 June 2020

Consolidated Statement of Cash Flow

for the year ended 31 March 2020

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Cash flow from operating activities		
Profit before tax	**6.86**	**2,207.04**
Depreciation and amortisation expense	1,441.16	1,141.83
Government Incentive	(8.69)	(7.17)
Interest on Lease deposits	(7.08)	-
Loss on sale of property, plant and equipment (net)	0.53	41.07
Property, plant and equipment Written off	2.22	-
Unrealized Foreign Exchange (Gain)/Loss	(51.46)	96.05
Provision for employee benefits	0.58	(39.84)
Dividend income on investments	(0.60)	(0.60)
Interest income	(18.86)	(18.54)
Bad debts Written off	-	46.26
Employee compensation cost (ESOP costs)	1.52	63.65
Finance costs	1,265.45	1,059.08
Operating profit before working capital changes	**2,631.63**	**4,588.83**
Movement in working capital :		
Increase/(decrease) in trade & other payables and provisions	(1,520.08)	1,976.16
(Increase) in inventories	(133.64)	(349.19)
(Increase)/decrease in trade and other receivables	1,709.44	(2,590.74)
Net Cash generated from operations	**2,687.35**	**3,625.06**
Direct taxes paid (net of refunds)	(495.83)	(131.46)
Net cash generated from operating activities (A)	**2,191.52**	**3,493.60**
Cash flow from investing activities		
Purchases of property, plant and equipment and intangibles (Refer note ii)	(1,852.77)	(2,037.14)
Sale proceeds of property, plant and equipment	3.60	6.84
Payment for acquisition of business , net of cash acquired	(5.00)	-
Investments in bank deposits (having original maturity of more than three months)	(194.67)	(101.57)
Maturity of bank deposits (having original maturity of more than three months)	161.10	48.48
Restricted cash	(33.11)	-
Interest received	14.40	15.02
Dividend received	**0.60**	**0.60**
Net cash (used in) investing activities (B)	**(1,905.85)**	**(2,067.77)**
Cash flow from financing activities		
Proceeds from issue of equity share	6.12	-
Proceeds from long term borrowings	3,500.00	1,715.82

Consolidated Statement of Cash Flow (contd...)

for the year ended 31 March 2020

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
(Repayment) of long term borrowings	(3,141.38)	(1,199.98)
(Repayment)/proceeds of short term borrowings	913.06	(923.75)
(Repayment) of lease obligations	(66.12)	-
Finance costs paid	(1,365.05)	(1,010.65)
Changes in unclaimed dividend bank balances	(6.42)	(3.75)
Dividends paid on equity shares (including unclaimed)	**(74.48)**	**(76.85)**
Tax on equity dividend paid	(16.63)	(16.57)
Net cash (used in) financing activities (C)	**(250.90)**	**(1,515.73)**
Change in currency fluctuation reserve arising on consolidation (D)	**61.08**	**(7.07)**
Net (decrease)/increase in cash and cash equivalents (A+B+C+D)	95.85	(96.97)
Cash and cash equivalents taken over from acquired company	0.34	-
Opening cash and cash equivalents	49.91	146.88
Closing cash and cash equivalents	**146.10**	**49.91**
Components of cash and cash equivalents		
Cash on hand	17.31	10.41
Balances with banks in:		
- Current accounts	128.79	39.50
Total Cash and cash equivalents (Refer note 13)	**146.10**	**49.91**

Notes:

i) The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

ii) Includes capital work-in-progress and intangible assets under development.

Significant accounting policies and other explanatory information 1 - 52

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

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

Adi P. Sethna
Partner
Membership No.: 108840

Place: Mumbai
Date: 02 June 2020

For and on behalf of the Board of Directors

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director (Finance)
DIN: 01786763

Shyam Mohan Patro
Chief Financial Officer

Piyush Nikhade
Company Secretary

Place: Nagpur
Date: 02 June 2020

Significant accounting policies

and other explanatory information to the consolidated financial statements

for the year ended 31 March 2020

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 and Zim Health Technologies 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 2020 were authorised for issue in accordance with resolution of the Board of Directors on 02 June 2020.

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.

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.

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.

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

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.

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:"

- 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 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 in subsidiary

Investments in subsidiary 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.

n 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 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. 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."

o 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.

p 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.

q 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.

r 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.

s 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 income

Income from product development including sale of technology/know-how (rights, licenses and other intangibles) 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 dossier sales 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 recognise or defer the upfront payments received under these arrangements.

Export incentives

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

t 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.

u Employee Benefits

Defined Contribution Plan

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

The group'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 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 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.

v 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.

w 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.

x 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.

y Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

z 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
- Revenue Recognition
- Recognition and measurement of defined benefit obligations
- Valuation of taxes on income
- Provisions
- Share-based payments
- Impairment of financial assets (Refer note 12)

3 Property, plant and equipment

(₹ lakhs)

	Freehold Land	Leasehold 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	
Gross carrying amount											
Balance as at 1 April 2018	61.76	641.11	3,912.00	5,245.97	166.50	708.35	178.68	136.04	-	-	11,050.41
Additions	961.56	21.55	73.38	617.04	-	87.56	65.16	19.02	-	-	1,845.27
Deletions	-	150.00	-	97.22	-	-	-	-	-	-	247.22
Balance as at 31 March 2019	**1,023.32**	**512.66**	**3,985.38**	**5,765.79**	**166.50**	**795.91**	**243.84**	**155.06**		**-**	**12,648.46**
Reclassified on account of adoption of Ind AS 116 'Leases' (Refer note 44)	-	(512.66)	-	-	-	-	-	-	485.23	-	(27.43)
Transition impact on account of adoption of Ind As 116 'Lease (Refer note 44)	-	-	-	-	-	-	-	-	-	156.94	156.94
Additions	-	-	308.35	1,087.38	-	128.22	28.21	19.69	-	238.47	1,810.32
Deletions	-	-	-	12.48	3.76	38.97	-	-	-	-	55.21
Balance as at 31 March 2020	**1,023.32**	**-0.00**	**4,293.73**	**6,840.69**	**162.74**	**885.16**	**272.05**	**174.75**	**485.23**	**395.41**	**14,533.08**
Accumulated Depreciation/ Amortisation											
Balance as at 1 April 2018	-	17.99	292.62	1,125.02	45.63	157.72	74.55	43.44	-	-	1,756.97
Charge for the year	-	9.44	154.37	648.35	22.95	92.87	48.79	20.33	-	-	997.10
Deletions	-	-	-	49.32	-	-	-	-	-	-	49.32
Balance as at 31 March 2019	**-**	**27.43**	**446.99**	**1,724.05**	**68.58**	**250.59**	**123.34**	**63.77**	**-**	**-**	**2,704.75**
Reclassified on account of adoption of Ind AS 116 'Leases' (Refer note 44)	-	(27.43)	-	-	-	-	-	-	-	-	(27.43)
Charge for the year	-	-	160.80	712.96	22.92	99.80	58.37	22.91	3.18	80.82	1,161.76
Deletions	-	-	-	8.35	3.58	36.92	-	-	-	-	48.85
Balance as at 31 March 2020	**-**	**-**	**607.79**	**2,428.66**	**87.92**	**313.47**	**181.71**	**86.68**	**3.18**	**80.82**	**3,790.23**

3 Property, plant and equipment (contd...)

(₹ lakhs)

	Freehold Land	Leasehold 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	
Net carrying amount											
Balance as at 31 March 2019	1,023.32	485.23	3,538.39	4,041.74	97.92	545.32	120.50	91.29	-	-	9,943.71
Balance as at 31 March 2020	**1,023.32**	**-**	**3,685.94**	**4,412.03**	**74.82**	**571.69**	**90.34**	**88.07**	**482.05**	**314.59**	**10,742.85**

i Building includes those constructed on leasehold land:

	As at 31 March 2020	As at 31 March 2019
Gross carrying amount	2,999.77	2,724.82
Depreciation charged during the year	114.14	108.74
Accumulated depreciation	441.10	326.96
Net carrying amount	**2,558.67**	**2,397.86**

ii Vehicles includes vehicles in the personal name of directors & employees having Gross carrying amount ₹ 77.34 lakhs and net carrying value of ₹ 39.08 Lakhs (31 March 2019 - Gross carrying amount ₹ 77.34 lakhs and net carrying value of ₹ 49.17 Lakhs)

iii Refer note 46 (B) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

iv Refer note 20 and 22 for information on property, plant and equipment pledged as security by the Company.

4 Capital work-in-progress

	(₹ lakhs)
As at 31 March 2019	775.50
As at 31 March 2020	**474.24**

Note:

Capital work in progress as at 31 March 2020 includes cost incurred towards construction/development of Building and Plant and equipment of the Group.

5(A) Intangible assets

(₹ lakhs)

	Softwares	Product marketing authorisation	Brands	Total	Goodwill on consolidation
Gross carrying amount					
Balance as at 1 April 2018	**157.47**	**81.71**	**-**	**239.18**	**-**
Additions	6.79	121.75	550.96	679.50	-
Deletions	-	-	-	-	-
Balance as at 31 March 2019	**164.26**	**203.46**	**550.96**	**918.68**	**-**
Additions	5.50	407.32	-	412.82	16.94
Deletions	-	-		-	-
Foreign exchange adjustment	-	-	41.82	41.82	-
Balance as at 31 March 2020	**169.76**	**610.78**	**592.78**	**1,373.32**	**16.94**
Accumulated Amortisation					
Balance as at 1 April 2018	**93.31**	**23.54**	**-**	**116.85**	**-**
Charge for the year	40.14	77.04	27.55	144.73	-
Deletions	-	-	-	-	-
Balance as at 31 March 2019	**133.45**	**100.58**	**27.55**	**261.58**	**-**
Charge for the year	24.31	141.08	114.01	279.40	-
Deletions	-	-	-	-	-
Balance as at 31 March 2020	**157.76**	**241.66**	**141.56**	**540.98**	**-**
Net carrying amount					
Balance as at 31 March 2019	**30.81**	**102.88**	**523.41**	**657.10**	**-**
Balance as at 31 March 2020	**12.00**	**369.12**	**451.22**	**832.34**	**16.94**

5(B) Intangible assets under development

	(₹ lakhs)
As at 31 March 2019	556.19
As at 31 March 2020	**488.15**

Note:

Represents expenditure incurred towards obtaining regulatory approvals and registration of the products for overseas markets.

Non- Current :

6 Investment

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Investment in Others:		
Unquoted equity investment carried at fair value through profit or loss 20,000 equity shares of ₹ 25 each fully paid-up in Shamrao Vithal co-operative Bank Limited	5.00	5.00
Investments in Government Securities		
Unquoted at amortised cost		
National Saving Certificate	0.15	0.15
	5.15	**5.15**

7 Other financial assets

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Earnest money and security deposit	60.75	242.12
Bank deposit with maturity more than 12 months	179.15	110.61
Bank deposit includes fixed deposits with banks ₹ 179.15 lakhs (₹ 110.61 lakhs as at 31 March 2019) marked as lien for guarantees issued by banks on behalf of the Company and for borrowings taken by the Company		
	239.90	**352.73**

8 Deferred tax assets / liability (net)

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Deferred tax liabilities		
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	978.23	1,178.18
	978.23	**1,178.18**
Deferred tax assets		
Expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	20.82	40.55
Provision for doubtful debts, advances and deposits	258.26	309.90
Carry forward business losses/unabsorbed depreciation	182.97	-
Provision for employee benefits	30.85	23.52
Lease payments	4.16	-
	497.06	**373.97**
Minimum alternative tax credit entitlement	**1,013.98**	**1,011.81**
Net Deferred Tax Asset/(Liability)	**532.81**	**207.60**

Non - Current :

9 Income tax (current-tax) assets (net)

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Advance income-tax (net of provision for taxation ₹ Nil) (31 March 2019: ₹ 10.32 lakhs)	371.90	240.90
	371.90	**240.90**

10 Other non-current assets

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
(Unsecured, considered good)		
Capital advances	540.59	612.58
Prepaid expenses	15.88	18.19
Security deposits	66.44	66.25
	622.91	**697.02**

Current :

11 Inventories

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Raw materials and packing materials	3,349.90	3,763.49
Work-in-progress	552.01	634.29
Finished goods (Refer note 53)		
Goods-in-transit	257.12	102.00
Others	1,248.65	681.52
Stores and spares	231.23	323.97
	5,638.91	**5,505.27**

12 Trade receivables (Refer note (a) and (b) below)

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Considered good	6,792.70	9,309.70
Trade receivables - credit impaired (Considered doubtful)	886.87	698.48
Trade receivables which have significant increase in credit risk	-	-
Less: Provision for doubtful debts	(886.87)	(698.48)
	6,792.70	**9,309.70**

(a) NATURE OF SECURITY

The Company has entered into an escrow agreement with one of the shareholders, whereby his holding to the extent of 10 lakhs equity shares (including 5 lakhs bonus shares) in the Company has been considered as security towards realisability of certain aged trade receivables. The shares held in escrow account are proposed to be liquidated to meet shortfall, if any, in recovery of the trade receivables specified therein. Accordingly, the final amount of recovery (security value) would depend on the shortfall in collections till agreed date and future market value of equity shares at the time of settlement. The current value of the shares has been determined by management on the basis of prevalent quoted price of the shares on Bombay Stock Exchange.

(b) Trade receivables of Holding Company, outstanding as at 31 March 2020, include balances aggregating ₹ 913.98 lakhs from customers situated outside India. These balances are outstanding for a period, beyond the timelines stipulated vide FED Master Direction No. 16/2015-16, under the Foreign Exchange Management Act, 1999. The Holding Company is in the process of recovering the outstanding dues. The amount of fine/penalty, if any, that may be levied, is currently unascertainable but is not expected to be material and accordingly, the accompanying consolidated financial statement do not include any consequential adjustments that may arise due to such delay/default.

Refer note 39 for information about credit risk and market risk of trade receivables.

Current :

13 Cash and cash equivalents

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Cash on hand	17.31	10.41
Balances with banks in current accounts	128.79	39.50
	146.10	**49.91**

14 Bank balances other than cash and cash equivalents

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Unclaimed dividend accounts	44.92	38.50
Margin money deposits	170.93	205.90
[Deposit includes fixed deposits with banks ₹ 170.93 lakhs (₹ 205.90 lakhs as at 31 March 2019) marked as lien for guarantees issued by banks on behalf of the Company and for borrowings taken by the Company]		
Restricted cash	33.11	-
	248.96	**244.40**

Current :

15 Loans

	As at 31 March 2020	₹ lakhs As at 31 March 2019
(Unsecured, considered good)		
Loans to employees	16.12	24.77
	16.12	**24.77**
Break-up of security details		
Loans considered good - secured	-	-
Loans considered good - unsecured	16.12	24.77
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	**16.12**	**27.77**
Loss allowance	-	-
Total current loans	**16.12**	**24.77**

16 Other financial assets

	As at 31 March 2020	₹ lakhs As at 31 March 2019
Current		
(Unsecured, considered good)		
Earnest Money and security deposits	155.97	111.69
Interest Receivable:		
from Banks	7.98	3.52
Others	5.86	5.75
Unbilled Revenue	475.67	-
	645.48	**120.96**

17 Other current assets

	As at 31 March 2020	₹ lakhs As at 31 March 2019
Current		
(Unsecured, considered good unless otherwise specified)		
Advances other than capital advances		
Advance to suppliers - considered good	2,034.85	1,725.49
Advance to suppliers - considered doubtful	-	188.40
Less: Provision for doubtful advances	-	(188.40)
	2,034.85	**1,725.49**
Advance against expenses to related party (Managing Director) (Refer note 46)	14.11	-
Balances with government authorities	2,519.28	2,298.14
Prepaid expenses	146.54	130.49
	4,714.78	**4,154.12**

18 Equity share capital

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Authorised		
25,000,000 (31 March 2019: 25,000,000) equity shares of ₹ 10 each	2,500.00	2,500.00
Issued		
16,180,722 (31 March 2019: 16,119,506) equity shares of ₹ 10 each fully paid up	1,618.07	1,611.95
Subscribed and Paid-Up:		
16,180,722 (31 March 2019: 16,119,506) equity shares of ₹ 10 each fully paid up	1,618.07	1,611.95
	1,618.07	**1,611.95**

(a) Reconciliation of Share Capital:

	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	**₹ lakhs**	**No. of Shares**	**₹ lakhs**
Balance as at the beginning of the year	16,119,506	1,611.95	8,059,753	805.97
Add: Bonus issue of shares to existing shareholders	-	-	8,059,753	805.98
Add: Shares issued during the year	61,216	6.12	-	-
Balance as at the end of the year	**16,180,722**	**1,618**	**16,119,506**	**1,612**

(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 2020		As at 31 March 2019	
	No. of Shares	**% of Holding**	**No. of Shares**	**% of Holding**
Equity Shares:				
AA Development Capital India Fund 1, LLC	3,565,304	22.03%	3,565,304	22.12%
Anwar Daud*	4,445,440	27.47%	4,445,440	27.58%
Zakir Vali	2,849,140	17.61%	2,849,140	17.68%

* Including 500,000 shares jointly held with Tasneem Daud (wife of Mr. Anwar Daud).

(d) Shares reserved for issue under options

Refer note 50 for details of shares reserved for issue under the employee stock option scheme (ESOS) of the Company.

(e) During the previous year, the Company allotted 8,059,753 equity shares of face value ₹ 10 each in the ratio of 1:1 as fully paid up bonus shares by capitalisation of securities premium by ₹ 805.98 Lakhs, pursuant to an ordinary resolution of the shareholders.

19 Other equity

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Securities premium *	4,063.09	4,027.31
General reserve	106.20	106.20
Employee stock options **	35.78	122.69
Foreign currency monetary items translation ***	52.40	(8.68)
Retained earnings ****	9,506.56	9,252.37
TOTAL	**13,764.03**	**13,499.89**

*** Securities premium**

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Balance as at the beginning of the year	4,027.31	4,833.29
Add : Additions made during the year	35.78	-
Less: Amount utilized for issue of bonus shares (Refer note 18(e))	-	805.98
Balance at the end of the year	**4,063.09**	**4,027.31**

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

**** Employee stock options**

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	122.69	59.04
Add: Additions during the year	1.52	63.65
Less: Adjustment towards fair value of employee stock options	(52.65)	-
Less: Transfer to securities premium account on exercise of stock options	35.78	-
Balance at the end of the year	**35.78**	**122.69**

***** Foreign currency monetary items translation**

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Balance as at the beginning of the year	(8.68)	(1.61)
Movement during the year	61.08	(7.07)
Balance as at the end of the year	**52.40**	**(8.68)**

****** Retained earnings**

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Balance as at the beginning of the year	9,252.37	7,857.40
Net profit for the year	329.66	1,534.19
Less: Adjustment towards Lease payments	(3.63)	-
Add: Adjustment towards fair value of employee stock options	52.65	-
Less: Appropriations		
Dividend	(80.90)	(80.60)
Dividend distribution tax	(16.63)	(16.57)
Transfer from other comprehensive income	(26.96)	(42.05)
Net surplus in the Statement of Profit and Loss	**9,506.56**	**9,252.37**

20 Non-current Borrowings

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Secured		
Non-convertible debentures (NCD's)	2,720.03	-
Term Loans from banks		
- Indian rupee loan	121.56	257.24
- Foreign currency loan / External commercial borrowings (ECB)	-	1,721.00
- Vehicle Loans	8.41	14.33
From Non-Banking Financial Company (NBFC) (Indian rupee loan)	1,125.36	1,410.75
	3,975.36	**3,403.32**
Unsecured		
Loan from Department of Scientific and Industrial Research (DSIR), Government of India	-	13.20
Deferred sales tax loan	11.35	20.00
From NBFC	29.31	269.24
	4,016.02	**3,705.76**
Less: Current maturities of long term borrowings (Refer note 24)	(1,274.01)	(1,489.75)
	2,742.01	**2,216.01**

NATURE OF SECURITY AND TERMS OF REPAYMENT FOR SECURED BORROWINGS

(i) "NCD's, Indian rupee 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.

The borrowings made from a bank having outstanding amount of ₹ 121.56 lakhs (31 March 2019: ₹ 257.24 lakhs) are repayable in 84 equated monthly instalments, commenced from April 2014, of ₹ 13.31 lakhs each. The applicable interest rate on this loan is PLR less 4.5% p.a. (effective interest rate of 11.75% (31 March 2019: 13.55%)). The borrowings made from NBFC having outstanding amount of ₹ 1,150 lakhs (31 March 2019: ₹ 1,450 lakhs) are repayable in 60 equated monthly instalments, commenced from February 2019, of ₹ 25 lakhs each. The effective interest rate is 13.00%.

The borrowings made in the form of unlisted, secured NCD's having outstanding amount of ₹ 2,792.58 lakhs (31 March 2019: ₹ Nil) are repayable in 48 equated monthly instalments, commenced from April 2019, of ₹ 94.77 lakhs each. The effective interest rate is 13.50%.

(ii) Foreign currency loan (ECB-I) of ₹ Nil (31 March 2019: ₹ 316.13 lakhs) from bank carries interest rate of 3 Month LIBOR plus 5% p.a. effective rate of 7.60% (31 March 2019: 7.60%) which was repayable from May 2013 to May 2019 in half yearly instalments ranging from ₹ 41.89 lakhs to ₹ 316.13 lakhs. Foreign currency loan (ECB-II) of ₹ Nil (31 March 2019: 1411.78 lakhs) carries interest rate of 6 Month LIBOR plus 4.70% p.a. effective rate of 7.30% (31 March 2019: 7.30%) was repayable from November 2014 to November 2020 in half yearly instalments ranging from ₹ 16.69 lakhs to ₹ 475.06 lakhs. The Company has entered into Interest rate swap for securing fixed interest liability payable in USD against ECB-II. The effective interest rate under interest rate swap was 7.80% per annum.

-The loans 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.

(iii) Vehicle Loan (Loan-I) having interest rate of 9.65% was repayable from April 2016 to March 2019 in 36 equal monthly instalments of ₹ 0.32 lakhs each. Vehicle loan (Loan-II) having interest rate of 9.50% was repayable from June 2016 to May 2019 in 36 equal instalments of ₹ 0.48 lakhs each. Vehicle loan (Loan-III) having interest rate of 8.70% is repayable from October 2018 to September 2021 in 36 equal instalments of ₹ 0.50 lakhs each. These loans are secured by hypothecation of vehicles purchased against the loan.

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

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

(vi) Unsecured loan availed from NBFC which are secured by personal guarantee of managing director. Loan-I bearing interest rate of 16.50% is repayable from October 2017 to September 2019 in 24 equal monthly instalments of ₹ 24.35 lakhs each. Loan-II bearing interest rate of 16.50% is repayable from July 2018 to June 2020 in 24 equal monthly instalments of ₹ 9.84 lakhs each.

ASSETS PLEDGED AS SECURITY

The gross carrying amounts of assets Pledged as security for current and non-current borrowings are:

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Non Current Assets		
- Property, plant and equipment	14,165.10	12,648.46
Current Assets	17,629.17	19,124.86
Total assets Pledged as security	**31,794.27**	**31,773.32**

21 Other financial liabilities (Non Current)

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Lease Liabilities (Refer note 44)	62.63	-
	62.63	**-**

Current :

22 Borrowings

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Secured		
- From Banks, repayable on demand		
- Cash credit / packing credit	4,969.00	4,014.67
	4,969.00	**4,014.67**

(a) Cash credit from banks are secured by the first charge on all current assets both present and future and second charge on all the property, plant and equipment of the Company both present and future on pari pasu basis with other consortium members. The loans are secured by personal guarantee of Managing Director.

(b) Packing credit in foreign currency and post shipment credit ₹ 998.52 lakhs (31 March 2019: 862.77 lakhs) in foreign currency from bank are secured by the first charge on all current assets both present and future and second charge on all the property, plant and equipment of the Company both present and future on pari pasu basis with other consortium members. Loans are also secured by personal guarantee of managing director.

23 Trade payables

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Dues of micro enterprises and small enterprises (Refer note below)	-	-
Payables to related parties (Refer note 46)	15.65	6.96
Dues of creditors other than micro enterprises and small enterprises	6,584.46	7,188.29
	6,600.11	**7,195.25**
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
- Principal amount due to micro and small enterprises	-	-
- Interest due on above	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-
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 Enterprises 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.

Current :

24 Other financial liabilities

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Current maturities of long term borrowings*	1,274.01	1,489.75
Interest accrued but not due on borrowings	9.66	60.90
Un-claimed dividends**	44.92	38.50
Employee related liabilities	272.02	311.57
Payable for capital expenditure	169.75	452.59
Overdrawn bank balances as per books	-	24.48
Lease Liabilities (Refer note 44)	147.04	-
	1,917.40	**2,377.79**

* Holding Company has decided to avail the benefits available under Moratorium scheme announced by Reserve Bank of India (RBI). Under this scheme, Management has an option to defer the repayment of loans falling due between March 2020 to August 2020 on payment of applicable interest. In the absence of the revised repayment schedule current maturity has been derived based on the latest repayment schedule available with the Holding Company.

** There is delay in transferring unpaid dividend amount of ₹ 6.32 lakhs pertaining to FY 2011-12 to the Investor Education and Protection Fund under section 125 of the Companies Act,2013. The aforesaid unpaid dividend has not been transferred due to administrative issues faced by the bankers of the Holding Company.

25 Other current liabilities

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Advance received from customers	571.18	1,261.14
Statutory dues	121.03	153.92
Deferred Government grants	54.33	47.77
Others	4.52	24.34
	751.06	**1,487.17**

26 Provisions

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
Provision for gratuity (Refer note 48)	55.17	57.48
Provision for compensated absences	50.76	9.83
	105.93	**67.31**

27 Current tax liabilities (net)

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Provision for tax (net of advance tax ₹ Nil) (31 March 2019 ₹ 122.89 lakhs)	-	374.99
	-	**374.99**

28 Revenue from operations (Refer note 53)

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Sale of products		
Manufactured goods	24,333.88	30,886.79
Stock in trade	1,788.01	1,751.95
Other operating revenue		
Product development income	969.57	-
Export incentives	647.76	870.06
Scrap Sales	4.33	7.23
Others	30.37	21.00
	27,773.92	**33,537.03**

DISCLOSURE AS PER IND AS 115

A The operations of the Group 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 Group 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 Group is not significant.

There are no variable components such as discounts, chargebacks, rebates, sales returns etc

B DISAGGREGATION OF REVENUE:

₹ lakhs

Nature of segment	Year ended 31 March 2020	Year ended 31 March 2019
A. Major Product/Service line:		
- Sale of pharmaceutical goods	26,121.89	32,638.74
- Product development income	969.57	-
-Others (Export incentives, Scrap sales, etc.)	682.46	898.29
Total revenue from contracts with customers	**27,773.92**	**33,537.03**
B. Primary geographical market:		
-In India	9,326.92	10,205.93
-Outside India	18,447.00	23,331.10
Total revenue from contracts with customers	**27,773.92**	**33,537.03**
C. Timing of the revenue recognition:		
- Goods transferred at a point in time	26,804.35	33,537.03
- Services transferred over time	969.57	-
Total revenue from contracts with customers	**27,773.92**	**33,537.03**

C CONTRACT BALANCES

₹ lakhs

Nature of segment	Year ended 31 March 2020	Year ended 31 March 2019
Significant changes in contract asset balances are as follows:		
Contract Assets		
Opening Balance	-	-
Add: Revenue recognised during the year	969.57	-
Less: Invoiced during the year	493.90	-
Closing balance	**475.67**	**-**

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 ₹ 475.93 lakhs as at year end.

The Group expects that 100% of these amounts would be recognised as revenue during the next reporting period.

29 Other income

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Interest income on		
-Fixed deposits	18.86	18.54
-Others	19.85	15.04
Dividend income on investments	0.60	0.60
Exchange rate difference (net)	194.81	138.71
Apportioned income from government grant	8.69	7.17
Provision for doubtful advances written back	188.39	-
Other non-operating income	20.88	24.88
	452.08	**204.94**

30 Cost of materials consumed

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Opening inventory	3,763.49	3,469.99
Add: Purchases	14,540.37	16,256.13
Less: Closing inventory	3,349.90	3,763.49
	14,953.96	**15,962.63**
Less: Cost of material sold	1,587.17	1,659.16
	13,366.79	**14,303.47**

31 Purchase of Stock in trade

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Details of purchases of traded goods		
Tablets	400.86	842.79
Capsules	93.80	183.47
Bulk Drugs	1,092.51	632.90
	1,587.17	**1,659.16**

32 Changes in inventories of finished goods and work in progress (Refer note 52)

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
At the end of the year		
Work in progress	552.01	634.29
Finished goods	1,505.77	783.52
	2,057.78	**1,417.81**
At the beginning of the year		
Work in progress	634.29	654.27
Finished goods	783.52	751.54
	1,417.81	**1,405.81**
	(639.97)	**(12.00)**

33 Employee benefits expense

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	4,812.33	4,434.98
Contribution to provident and other funds (Refer note 47(A) and 48(a))	134.06	133.36
Gratuity expense (Refer note 48)	47.36	40.49
Share based payments to employees (Refer note 50)	1.52	63.65
Staff welfare expenses	141.92	153.53
	5,137.19	**4,826.01**

34 Finance costs

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Interest on NCD's	423.00	-
Interest on borrowings:		
- From banks	679.32	825.42
- From others	5.80	31.29
Exchange differences regarded as an adjustment to borrowing costs	2.72	115.28
Interest on delayed payment of income tax	24.96	18.00
Other borrowing costs	129.65	69.09
	1,265.45	**1,059.08**

35 Depreciation and amortisation expense

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on property, plant and equipment	1,161.76	997.10
Amortisation of intangible assets	279.40	144.73
	1,441.16	**1,141.83**

36 Other Expenses

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Consumption of stores and spares	158.84	74.51
Power and fuel	736.86	702.12
Water charges	10.58	16.84
Insurance	17.59	7.98
Repairs and maintenance		
Machines	297.01	348.52
Buildings	42.57	84.87
Others	135.62	158.37
Printing & stationery	52.63	50.47
Communication costs	41.80	49.33
Legal and professional fees	527.44	809.74
Payment to auditors (Refer note below (a))	54.99	58.53
Advertisement & sales promotion	156.84	534.65
Travelling and conveyance	383.17	398.37
Commission on sales	1,756.87	3,280.24
Freight and forwarding charges	537.12	746.22
Bad debts/ advances written off	-	46.26
Provision for doubtful debts	188.39	-
Rates and taxes	61.19	51.85
Property, plant and equipment written off	2.22	-
Loss on sale of property, plant and equipment (net)	0.53	41.07
Rent (Refer note 44)	22.23	26.63
Laboratories Expenses	460.60	696.19
Corporate social responsibility expenses	24.84	9.04
Miscellaneous expenses	391.42	365.58
	6,061.35	**8,557.38**

Note

(a) Auditors' Remuneration (excluding taxes)

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
As Auditors	48.00	47.00
Other Services	6.30	11.00
Out of Pocket Expenses	0.69	0.53
	54.99	**58.53**

37 Tax (expense) / credit

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Current tax for the year (net of Minimum alternative tax credit entitlement ₹ Nil) (31 March 2019: ₹ 428.13 lakhs)	-	(51.81)
Tax adjustments pertaining to earlier years	12.33	(10.43)
Deferred tax expenses		
Increase / (Decrease) in deferred tax assets	121.60	(598.57)
(Increase) / Decrease in deferred tax liabilities	199.95	10.54
	321.55	**(588.03)**
	333.88	**(650.27)**
Tax (expense) / credit recognised in Statement of profit and loss	322.80	(672.85)
Tax (expense) / credit recognised in other comprehensive income	11.08	22.58
	333.88	**(650.27)**
Tax reconciliation		
Profit before tax	6.86	2,207.04
Tax at the rate of 29.12% (31 March 2019 34.944%)	(2.00)	(771.23)
Tax adjustment pertaining to earlier years	12.33	(10.43)
Tax effect of amounts which are not deductible / taxable		
Income/(expenses) exempted from income taxes	45.31	(23.34)
Permanent Disallowances	(8.08)	(24.31)
Additional deduction under Income tax act, 1961	125.38	238.71
Disallowance of Donation/Corporate social responsibility expenses	(18.30)	(4.14)
Other tax deductions	179.24	(55.53)
	333.88	**(650.27)**

38 Fair value measurements

Financial instruments by category:

All financial assets and financial liabilities, except derivative instruments and investment in equity shares 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.

Financial assets and liabilities measured at fair value at each reporting date

Derivative instruments are measured at fair value through profit or loss at each reporting date. Since the valuation involves maximum use of observable inputs, valuation of forward contract derivatives is categorised as level 2.

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:

₹ lakhs

Fair value for assets and liabilities measured at amortised cost	31 March 2020				31 March 2019			
	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3	Carrying amount
Financial liabilities								
Borrowings (other than current borrowings)	-	4,016.02	-	4,016.02	-	3,705.76	-	3,705.76

During the periods mentioned above, there have been no transfers amongst the levels of hierarchy.

The carrying amounts of security deposits, 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.

39 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 Managing Board.

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 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

₹ lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Total Borrowings	8,985.02	7,720.43
% of Borrowings out of above bearing variable rate of interest	57%	78%

INTEREST RATE SENSITIVITY

A change of 50 bps in interest rates would have following Impact on profit before tax

₹ lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
50 bp increase would decrease the profit before tax by	(25.45)	(29.96)
50 bp decrease would Increase the profit before tax by	25.45	29.96

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 and borrowings dominated in foreign currency. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

Derivative instruments and unhedged foreign currency exposure

(a) Derivative instrument outstanding as at the reporting date

(Foreign currency In lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019		Purpose
Interest rate swaps	USD	-	USD	20.38	Hedge against exposure to variable interest on loan. Swap to pay fixed interest @ 7.8% p.a. and receive a variable interest @LIBOR on the outstanding amount.

Derivative financial instruments such as foreign exchange forward contracts are used for hedging purposes and not as trading or speculative instruments.

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

As at 31 March 2020 (Amount in lakhs)

Particulars	USD		EURO		CAD/ ZAR	
	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade Receivable	24.66	1,865.65	7.03	586.94	0.66	35.35
Trade payables	2.91	220.40	-	-	-	-

As at 31 March 2020						(Amount in lakhs)
Particulars	**USD**		**EURO**		**CAD/ ZAR**	
	Foreign currency	**INR**	**Foreign currency**	**INR**	**Foreign currency**	**INR**
Advance received from customers	4.83	344.51	0.73	56.15	4.09	19.83
Balance in EEFC Account	0.11	8.08	-	-	-	-
PCFC and PFCFC	13.20	998.52	-	-	-	-
Export Commission	16.48	1,246.93	1.33	109.83	-	-

As at 31 March 2019						(Amount in lakhs)
Particulars	**USD**		**EURO**		**CAD**	
	Foreign currency	**INR**	**Foreign currency**	**INR**	**Foreign currency**	**INR**
Trade Receivable	57.81	4,005.27	6.88	535.21	-	-
Trade payables	2.49	172.57	-	0.23	-	-
Advance received from customers	2.05	141.55	3.34	265.06	0.16	7.82
Borrowings	25.62	1,775.13	-	-	-	-
PCFC and PFCFC	12.45	862.77	-	-	-	-
Export Commission	27.00	1,870.45	1.15	89.42	-	-

Sensitivity to foreign currency risk

		₹ lakhs
Particulars	**Impact on statement of profit and loss for the year ended**	
	31 March 2020	**31 March 2019**
USD sensitivity		
INR / USD		
Increase by 5%	(46.83)	(40.86)
Decrease by 5%	46.83	40.86
Euro sensitivity		
INR / Euro		
Increase by 5%	21.05	9.03
Decrease by 5%	(21.05)	(9.03)

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:

i) Actual or expected significant adverse changes in business,

ii) Actual or expected significant changes in the operating results of the counterparty,

iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,

iv) Significant increase in credit risk on other financial instruments of the same counterparty,

v) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements .

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 Account receivables

₹ lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Not due	1,874.13	4,088.13
0-6 months	2,688.04	3,256.04
6-12 months	1,040.12	400.74
12 months to 24 months	684.71	119.42
beyond 24 months	1,392.57	2,143.85
Total	**7,679.57**	**10,008.18**

Financial Assets are considered to be of good quality and there is no significant increase in credit risk.

Movement in provisions of doubtful debts

₹ lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Opening provision	698.48	3,688.28
Add:- Additional provision made	188.39	-
Less:- Provision utilised/ adjusted against bad debts	-	(2,628.81)
Less:- Provision reversed against recoveries	-	(360.99)
Closing provisions	**886.87**	**698.48**

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 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 2020

₹ lakhs

Particulars	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
Non-current borrowings (including current maturities)	1,274.01	2,742.01	-	4,016.02
Current financial liabilities - Borrowings	4,969.00	-	-	4,969.00
Trade payables	6,600.11	-	-	6,600.11
Other current financial liabilities	643.39	-	-	643.39
Total	**13,486.51**	**2,742.01**	**-**	**16,228.52**

As at 31 March 2019

₹ lakhs

Particulars	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
Non-current borrowings (including current maturities)	1,489.75	2,216.01	-	3,705.76
Current financial liabilities - Borrowings	4,014.67	-	-	4,014.67
Trade payables	7,195.25	-	-	7,195.25
Other current financial liabilities	888.04	-	-	888.04
Total	**13,587.71**	**2,216.01**	**-**	**15,803.72**

40 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.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.

₹ lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
The capital composition is as follows:		
Net debt#	8,848.58	7,731.42
Total equity	15,382.10	15,111.84
Net debt to equity ratio	**58%**	**51%**

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)

41 Net debt reconciliation

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents	146.10	49.91
Non- current borrowings	(4,016.02)	(3,705.76)
Current borrowings	(4,969.00)	(4,014.67)
Interest Payable	(9.66)	(60.90)
Net Debt	**(8,848.58)**	**(7,731.42)**

₹ in lakhs

	Cash and cash equivalents and bank overdraft	Non current borrowings	Current borrowings	Interest Payable	Total
Net as at 01 April 2019	**49.91**	**(3,705.76)**	**(4,014.67)**	**(60.90)**	**(7,731.42)**
Cash flows	96.19	(358.62)	(913.07)	-	(1,175.50)
Foreign Exchange adjustments	-	48.36	(41.26)	(48.36)	(41.26)
Finance Cost Expense	-	-	-	(1,265.45)	(1,265.45)
Finance Cost Paid	-	-	-	1,365.05	1,365.05
Net as at 31 March 2020	**146.10**	**(4,016.02)**	**(4,969.00)**	**(9.66)**	**(8,848.58)**

42 Dividends

₹ lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Equity dividend		
Final dividend for the year ended 31 March 2019 of ₹ 0.50 per fully paid share (31 March 2018 : ₹ 0.50 per fully paid share) (refer note 18(e))	80.90	80.60

43 Subsidiaries considered in the consolidated financial statement are as follows :

Sr. No	Name of the Subsidiary	Principal place of business and country of incorporation	Proportion of ownership interest	Method of accounting
1	Zim Laboratories FZE,UAE	UAE	100%	Cost
2	Zim Health Technologies Limited, India (w.e.f. 28 May 2019)	INDIA	100%	Cost
3	SIA Zim Laboratories Limited, Latvia (w.e.f. 6 September 2019)	LATVIA	100%	Cost

Statement pursuant to details to be furnished for subsidiaries as prescribed by Companies Act, 2013

2019-20								
Name of the entity	**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	**Rupees in lakhs**	**As % of consolidated profit or loss**	**Rupees in lakhs**	**As % of other Comprehensive Income**	**Rupees in lakhs**	**As % of total Comprehensive Income**	**Rupees in lakhs**
Parent: ZIM Laboratories Limited	98.66%	15,175.52	52.80%	174.06	54.89%	(26.96)	40.44%	147.10
Foreign subsidiary								
ZIM Laboratories FZE	6.24%	959.67	54.41%	179.36	-	-	49.30%	179.36
SIA Zim Laboratories Limited	0.20%	30.21	-0.88%	(2.90)	-	-	-0.80%	(2.90)
Indian subsidiary								
Zim Health Technologies Limited	0.01%	2.20	-6.33%	(20.86)	-	-	-5.73%	(20.86)
Total elimination/ adjustment	-5.11%	(785.50)	-	-	45.11%	61.08	16.80%	61.08
TOTAL	**100.00%**	**15,382.10**	**100.00%**	**329.66**	**100.00%**	**34.12**	**100.00%**	**363.78**

2018-19								
Name of the entity	**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	**Rupees in lakhs**	**As % of consolidated profit or loss**	**Rupees in lakhs**	**As % of other Comprehensive Income**	**Rupees in lakhs**	**As % of total Comprehensive Income**	**Rupees in lakhs**
Parent: ZIM Laboratories Limited	100.07%	15,121.94	104.35%	1,601.00	85.61%	(42.05)	104.97%	1,558.95
Foreign subsidiary								
ZIM Laboratories FZE	2.90%	438.24	-4.35%	(66.81)	-	-	-4.50%	(66.81)
Indian subsidiary								
Total elimination/ adjustment	-2.97%	(448.34)	-	-	14.39%	(7.07)	-0.47%	(7.07)
TOTAL	**100.00%**	**15,111.84**	**100.00%**	**1,534.19**	**100.00%**	**(49.12)**	**100.00%**	**1,485.07**

44 Transitional Provision- Ind AS 116 Leases

The Group's lease asset primarily consist of leases for land (reclassified) and for Plant and equipment and buidling having various lease terms.

The Group has adopted the new accounting standard i.e. Ind AS 116- Leases, which has become effective from 1 April 2019 (transition date). This new standard replaces earlier standard on leases i.e. Ind AS 17.

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting Ind AS 116 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated. The Group has recognised lease liability on the date of initial application at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Group has recognised a right-of-use asset on the date of initial application at its carrying amount as if the Standard had been applied since the commencement date of lease but discounted using the incremental borrowing rate at the date of initial application. On transition to Ind AS 116, the weighted average incremental borrowing rate applied to lease liabilities recognised was 13.50% p.a.

Practical expedient opted by Group:

- For contracts in place at the date of transition, the Group has elected to apply the definition of a lease from Ind AS 17 and Appendix C to Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17 and Appendix C to Ind AS 17.
- The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of transition to Ind AS 116, being 1 April 2019.
- On transition, Group has elected not to apply Ind AS 116 to leases previously accounted for as operating leases, with a remaining lease term of less than 12 months and not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

Exemptions availed by Group:

The Group has elected not to recognise right-of-use assets in below mentioned cases but to account for the lease expense on a straight-line basis over the remaining lease term or on another systematic basis if that basis is more representative of the pattern of the Group's benefit:

- A lease that, at the commencement date, has a lease term of 12 months or less i.e. short-term leases and
- leases for which the underlying asset is of low value

The Group has benefitted from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

The Group has discounted lease payments using the incremental borrowing rate as at 1 April 2019 for measuring lease liabilities at ₹146.13 lakhs and accordingly recognised right-of-use assets at ₹156.94 lakhs by adjusting retained earnings by ₹ 3.63 lakhs (net of tax), including adjustments for prepaid/accrued rent and lease equalisation reserve, as at the aforesaid date.

The impact of adopting Ind AS 116 on the financial statements for the year ended 31 March 2020 is as follows:

₹ lakhs

Particulars	Year ended 31.03.2020 (Erstwhile basis)	Year ended 31.03.2020 (As per Ind AS-116)	Decrease/ (Increase) in (loss)
Other expenses	6,144.46	6,061.35	83.11
Finance costs	1,248.47	1,265.45	(16.98)
Depreciation and amortisation	1,360.34	1,441.16	(80.82)
Profit/ (Loss) Before tax	21.55	6.86	(14.69)

Particulars	₹ lakhs As at 31 March 2020
The Balance sheet discloses the following amounts relating to leases:	
Right-of-use assets	
Buildings	19.35
Plant and equipment	295.24
	314.59
Lease liabilities	
Current	147.04
Non-current	62.63
	209.67

Amounts recognised in statement of profit and loss	₹ lakhs For the year ended 31 March 2020
Depreciation charge on Right-of-use assets	
Buildings	8.28
Plant and equipment	72.54
	80.82
Interest expense included in finance cost	16.98
Expense relating to short-term leases	22.23
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)	66.12
Additions to the right of use assets during the current financial year	238.47

45 Research and development expenditure

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Revenue expenditure charged to Statement of Profit and Loss (under notes 33, 35 and 36)	1,451.73	1,530.85
Capital Expenditure	70.72	246.66
	1,522.45	**1,777.51**

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
Mr. Anwar S. Daud	Managing Director and shareholder with significant influence
Mr. Zulfiquar Kamal	Director (Finance)

(i) Key Managerial Personnel:	**Nature of relationship**
Mr. Riaz A. Kamal	Executive Director
Mr. Niraj Dhadiwal	Executive Director
Mr. Prakash Sapkal	Executive Director
Mr. Naresh Gaikwad	Independent Director
Mr. V.V. Parashar	Independent Director
Mr. Suprakash. Chakravarty	Independent Director
Mr. Padmakar Joshi	Independent Director
Mrs. Kavita Loya	Independent Director
Mr. Piyush Nikhade	Company Secretary
Mr. Shyam Mohan Patro (w.e.f. 1 April 2019)	Chief Financial Officer
Mr. Chandrashekhar Mainde (w.e.f. 28 May 2019)	Executive Director

(ii) Other relatives:

Mrs. Tasneem Daud	Wife of Managing Director
Mrs. Sabbah Kamal	Wife of Director (Finance)
Mrs. Nidhi Sapkal	Wife of Executive Director
Mr. Hasan Kamal	Son of Director (Finance)
Mr. Shabbar Daud	Brother of Managing Director

(iii) Other Significant influences

AA Development Capital India Fund 1, LLC	Investor exercising significant influence

B. RELATED PARTY DISCLOSURES:

₹ lakhs

Nature of transactions	Year ended 31 March 2020	Year ended 31 March 2019
1) Remuneration		
Mr. Anwar S. Daud	113.94	116.53
Mr. Riaz A. Kamal	24.00	29.00
Mr. Zulfiquar Kamal	65.00	75.00
Mr. Niraj Dhadiwal	50.62	82.00
Mr. Prakash Sapkal	49.62	81.00
Mr. Piyush Nikhade	17.00	12.77
Mr. Shyam Mohan Patro	52.49	-
Mr. Chandrashekhar Mainde	55.00	-
2) Director's fees and commission		
Mr. Naresh Gaikwad	1.00	1.00
Mr. V.V. Parashar	1.00	1.00
Mr. Suprakash. Chakravarty	1.00	1.00
Mr. Padmakar Joshi	1.00	1.00
Mrs. Kavita Loya	6.00	6.00
3) Professional Fees		
Mrs. Nidhi Sapkal	24.00	25.00
4) Rent paid		
Mr. Anwar S. Daud	9.60	9.60
Mrs. Sabbah Kamal	2.40	0.70

₹ lakhs

Nature of transactions	Year ended 31 March 2020	Year ended 31 March 2019
The remuneration to Key management personnel does not include provision for employee benefits determined based on actuarial basis.		
5) Share Application Money received, shares were allotted during the year under ESOS		
Mr. Niraj Dhadiwal	2.50	-
Mr. Prakash Sapkal	2.50	-
6) Dividend Paid		
Mr. Anwar S. Daud	22.23	22.23
Mr. Riaz A. Kamal	0.02	0.02
Mr. Zulfiquar Kamal	1.99	1.99
Mr. Niraj Dhadiwal	0.50	0.38
Mr. Prakash Sapkal	0.50	0.38
AA Development Capital India Fund 1, LLC	17.83	17.83
Mrs. Sabbah Kamal	2.50	2.50
Mrs. Tasneem Daud	0.05	0.05
Mrs. Nidhi Sapkal	0.11	0.11
Mr. Hasan Kamal	0.17	0.17
Mr. Shabbar Daud	0.07	0.07
7) Acquisition of subsidiary (Zim Health Technologies Limited)		
Mr. Anwar S. Daud	2.50	-
Mr. Zulfiquar Kamal	2.45	-
Mr. Prakash Sapkal	0.01	-
Mrs. Nidhi Sapkal	0.01	-
Mrs. Tasneem Daud	0.01	-
Mrs. Sabbah Kamal	0.01	-

₹ lakhs

Balances outstanding at year end	As at 31 March 2020	As at 31 March 2019
Advance for expenses to Key Managerial Personnel		
Mr. Anwar S. Daud	14.11	-
Payable to Key Managerial Personnel		
Mr. Anwar S. Daud	2.47	7.98
Mr. Zulfiquar Kamal	5.09	10.60
Mr. Riaz A. Kamal	0.73	4.21
Mr. Niraj Dhadiwal	3.41	9.29
Mr. Prakash Sapkal	3.62	9.18
Mr. Piyush Nikhade	0.88	0.71
Mr. Shyam Mohan Patro	3.40	-
Mr. Chandrashekhar Mainde	4.50	-
Trade Payable		
Mr. Anwar S. Daud	6.48	1.44
Mrs. Nidhi Sapkal	2.16	2.16
Mrs. Sabbah Kamal	2.12	0.36
Mr.Naresh Gaikwad	0.27	0.17
Mr. V.V. Parashar	0.28	0.18
Mr. Suprakash. Chakravarty	0.90	0.40

₹ lakhs

Balances outstanding at year end	As at 31 March 2020	As at 31 March 2019
Mr. Padmakar Joshi	0.54	0.35
Mrs. Kavita Loya	2.90	1.90

All borrowings from banks (expect Vehicle Loans),NCD's and NBFC's are guaranteed by the managing director of the Company (Refer notes 20 & 22).

EXECUTIVE DIRECTORS COMPENSATION

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
a) Short- term employee benefits	357.33	382.13
b) Post- employment benefits	0.85	1.40
Total compensation *	**358.18**	**383.53**

* The remuneration to Key management personnel does not include provision for employee benefits determined on actuarial basis.

47 Contingent Liabilities and Commitments

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
(A) Contingent Liabilities		
Service tax	-	227.99
Income tax	551.42	212.01
Gram Panchayat Tax	6.69	6.69
Export obligation-Advance License	31.16	66.94
Total	**589.27**	**513.63**

Notes:

1. The Group does not expect any reimbursement in respect of the above contingent liabilities.
2. 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.

	As at 31 March 2020	As at 31 March 2019
(B) Commitments		
Estimated value of contracts in capital account remaining to be executed (net of capital advance)	200.29	265.02
Commitment relating to lease arrangements (Also refer note 44)	-	36.78

48 Employee Benefits (of the Company only)

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:

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Employer's Contribution to Provident fund	116.73	110.10
Employer's Contribution to ESIC	16.96	22.90
Employer's Contribution to Labour welfare fund	0.37	0.36

(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.

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Mortality Table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Discount rate	6.59%	7.48%
Salary growth rate	5.00%	5.00%
Withdrawal rate	12.00%	12.00%
Expected rate & return on Plan assets	6.59%	7.48%
Changes in the Fair value of Plan Assets		
Present Value of Plan Assets at the beginning of the year	395.88	289.62
Investment Income	29.61	22.24
Employer's Contribution	62.07	87.50
Benefits Paid	-	(1.48)
Actuarial adjustment: Return on plan assets, excluding amount recognised in net interest expense	(7.09)	(2.00)
Fair Value of Plan Assets at the end of the year	**480.47**	**395.88**
Changes in the Present Value of Obligation		
Present Value of Obligation at the beginning of the year	453.36	330.91
Current Service Cost	43.06	37.32
Interest Expenses or Cost	33.91	25.41
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in the demographic assumptions	-	-

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
- change in the financial assumptions	21.88	4.20
- experience variance (i.e. Actual experience v/s assumptions)	9.07	58.43
Past Service Cost	-	-
Benefits Paid	(25.64)	(2.91)
Present Value of Obligation at the end of the year	**535.64**	**453.36**

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Amount recognised in the Balance Sheet		
Present Value of Obligation at the end of the year	535.64	453.36
Fair Value of Plan Assets at the end of the year	(480.47)	(395.88)
Net Liability recognised at the end of the year	**55.17**	**57.48**
Percentage of each category of plan assets to total fair value of plan assets as at year end:		
Administered by Life Insurance Corporation of India	100.00%	100.00%

₹ lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Expenses recognised in the Statement of Profit and Loss		
Current Service Cost	43.06	37.32
Past Service Cost	-	-
Loss/ (Gain) on settlement	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	4.30	3.17
Total expenses recognised in the Statement of Profit and Loss	**47.36**	**40.49**
Actuarial (gains) / losses		
Actuarial (Gains)/Losses on Obligation For the Period	30.95	62.63
Return on Plan Assets, Excluding Interest Income	7.09	2.00
Actuarial (Gain)/ Loss recognised in Other Comprehensive Income	**38.04**	**64.63**

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
The defined benefit obligations shall mature after year end 31 March 2020 as follows :		
Year 1	87.83	69.80
Year 2	73.41	60.48
Year 3	59.47	63.73
Year 4	57.66	49.43
Year 5	60.83	49.60
Thereafter	452.72	411.34

Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, attrition 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:

₹ lakhs

	As at 31 March 2020	As at 31 March 2019
Defined Benefit Obligation (Base)	535.64	453.36

₹ lakhs

	Year ended 31 March 2020		Year ended 31 March 2019	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+ 1%)	27.18	(24.45)	22.33	(20.16)
(% change compared to base due to sensitivity)	5.1%	-4.6%	4.9%	-4.4%
Salary Growth Rate (-/+ 1%)	(23.13)	24.87	(19.06)	20.51
(% change compared to base due to sensitivity)	-4.3%	4.6%	-4.2%	4.5%
Attrition Rate (+/- 0.50%)	(2.59)	2.30	(3.54)	3.18
(% change compared to base due to sensitivity)	-0.5%	0.4%	-0.8%	0.7%

(c) COMPENSATED ABSENCES

The obligation for compensated absences is recognised in the same manner as gratuity and net charge to the Statement of Profit and Loss for the year is ₹ 76.53 lakhs (Previous Year: ₹ 37.65 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 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."

Information about geographical areas are as under :

₹ lakhs

Particulars	31 March 2020			31 March 2019		
	In India	Outside India	Total	In India	Outside India	Total
Revenue from operations	9,326.92	18,447.00	27,773.92	10,205.93	23,331.10	33,537.03
Carrying amount of segment assets	26,543.91	4,471.48	31,015.39	26,070.00	5,907.19	31,977.19
Capital expenditure for the year	1,671.50	339.28	2,010.78	2,150.23	876.95	3,027.18
- Tangible	1,666.00	-	1,666.00	2,143.44	-	2,143.44
- Intangible	5.50	339.28	344.78	6.79	876.95	883.74

50 Employees Stock Option Scheme

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

I. THE POSITION OF THE EMPLOYEE STOCK OPTION SCHEME (ESOS) OF THE COMPANY AS AT 31 MARCH 2020 IS AS UNDER:

S. No.	Particulars	ESOS
1	Details of approval	Resolution passed by Nomination & Remuneration committee at its meeting dated 16 May 2015 and the shareholders, in the Extra ordinary General Meeting held on 27 May 2015 had approved the grant of 1,22,449 employee stock options in accordance with the ESOP Scheme, equivalent to 1.53% of the issued and paid up share capital of the Company as at 31 March 2015. During the previous year, Nomination & Remuneration committee at its meeting dated 14 August 2018 and the Shareholders in the Annual General Meeting held on 21 September 2018 have approved the ZIM Laboratories Limited Employees Stock Option Scheme 2015, as amended in accordance with the requirements of SEBI (Share Based Employee Benefit), Regulations 2014. Shareholders in above Annual General Meeting have also approved issue of bonus shares in the ratio of 1:1 to shareholders holding shares as on Record Date i.e. 06 October 2018. Accordingly, the outstanding options as at 6 October 2018 have been adjusted for issue of bonus shares.
2	Total number of stock options approved	1,83,665
3	Vesting schedule	01 June 2016 - 30,625 equity shares 01 June 2017 - 30,608 equity shares 01 June 2018 - 61,216 equity shares 01 June 2019 - 61,216 equity shares
4	Maximum term of Options granted (years)	5
5	Source of shares (Primary, Secondary or combination)	Primary
6	Variation in terms of options	NA
7	Price per option	At Face value (i.e. ₹ 10)
8	The exercise period	Exercise anytime within one year from date of vesting.
9	Vested during the year	61,216
10	Exercised during the year	61,216
11	Weighted average price* (₹)	117.81 (before adjustment towards issue of bonus shares)

*Weighted average price of options as per Black -Scholes Option Pricing model at the grant date using the Black Scholes Option Valuation model with the following assumptions:

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

II. WEIGHTED AVERAGE EXERCISE PRICE OF OPTIONS GRANTED DURING THE YEAR WHOSE

Particulars	Particulars
Exercise price equals fair value	Nil
Exercise price is greater than fair value	Nil
Exercise price is less than fair value	Nil

III. WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED DURING THE YEAR WHOSE

Particulars	Particulars
Exercise price equals fair value	Nil
Exercise price is greater than fair value	Nil
Exercise price is less than fair value	Nil

IV. THE MOVEMENT OF STOCK OPTIONS DURING THE YEAR ENDED 31 MARCH 2020 ARE SUMMARIZED BELOW:

Particulars	Number of options
Options outstanding at the beginning of the year	61,216
Options Forfeited / lapsed during the year	Nil
Options vested during the year	61,216
Options exercised during the year	61,216
Money realised by exercise of options	₹ 6.12 lakhs
Expired during the year	Nil
Options outstanding at the end of the year	-
Options exercisable at the end of the year	61,216

V. THE EXERCISE PRICE AND EXPECTED REMAINING CONTRACTUAL LIFE (COMPRISING THE VESTING PERIOD AND EXERCISE PERIOD) OF OPTIONS OUTSTANDING AS AT 31 MARCH 2020 IS AS FOLLOWS:

Grant Date	Number of options	Vesting Date	Exercise End Date	Exercise Price	Expected remaining contractual life
1-Jun-15	61,216	1-Jun-19	1-Jun-20	10	2 months

VI. CASH INFLOW ON EXERCISE OF OPTIONS AND WEIGHTED AVERAGE SHARE PRICE AT THE DATE OF EXERCISE:

₹ lakhs

Particular	Year ended 31 March 2020	Year ended 31 March 2019
Exercised during the year	6.12	-

There are no cash settled plans implemented by the Company and hence there is no further liability booked in the books.

VII. THE ESTIMATES OF FUTURE CASH INFLOW THAT MAY BE RECEIVED UPON EXERCISE OF OPTIONS:

₹ lakhs

Particular	Year ended 31 March 2020	Year ended 31 March 2019
Within one year	6.12	6.12
Between two years to five years	-	6.12

51 Earnings Per Share

₹ lakhs

	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
I.	Profit Computation for both Basic and Diluted Earnings per share:		
	Net Profit attributable to equity share holders (in ₹)	329.66	1,534.19
II.	Computation of weighted average number of equity shares :		
	Weighted average number of equity shares in calculating basic EPS (Refer note 18(e))	16,174,032	16,119,506
	Weighted average number of equity shares in calculating diluted EPS (Refer note 18(e))	16,230,458	16,232,359
III.	Earnings Per Share:		
	Basic Earning Per Share (₹) (Face value of ₹ 10 per share)	2.03	9.52
	Diluted Earning Per Share (₹) (Face value of ₹ 10 per share)	2.03	9.45

52 During the month of March 2020, the Governments of various countries had imposed lockdown in an effort to control the spread of pandemic COVID-19. Accordingly, logistical challenges and export ban on the medicines have resulted in deferment of certain underlying revenue from March 2020 to the months of April 2020 and May 2020 and corresponding increase in finished goods inventory as at 31 March 2020.

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

Adi P. Sethna
Partner
Membership No.: 108840

Place: Mumbai
Date: 02 June 2020

For and on behalf of the Board of Directors

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director (Finance)
DIN: 01786763

Shyam Mohan Patro
Chief Financial Officer

Piyush Nikhade
Company Secretary

Place: Nagpur
Date: 02 June 2020

ZIM LABORATORIES LIMITED
Sadoday Gyan (Ground Floor),
Opp. NADT, Nelson Square,
Nagpur – 440013
Tel. No. (0712) 2588070
E-mail ID: cs@zimlab.in
www.zimlab.in

Notice of the 36th Annual General Meeting

Zeal & Innovation in Medicine

ZIM LABORATORIES LIMITED

Registered Office: Sadoday Gyan (Ground Floor), Opp. NADT,
Nelson Square, Nagpur Maharashtra 440013 India.
CIN: L99999MH1984PLC032172. Website: www.zimlab.in , E-mail – cs@zimlab.in
Telephone No: Registered Office: - 0712-2588070, Works Office: - 07118-271990

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

NOTICE is hereby given that the Thirty Sixth Annual General Meeting of the Members of ZIM Laboratories Limited will be held on Wednesday, the 30th of September, 2020 at 11:00 am through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) in accordance with the applicable provisions of the Companies Act, 2013 read with MCA General Circular No. 14/2020, 17/2020 and 20/2020 dated 8th April, 2020,13th April 2020 and 5th May, 2020, respectively, to transact the following business:-

ORDINARY BUSINESS:

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

1. **Adoption of Audited Financial Statements for F.Y. 2019-20 and Reports :**

   "RESOLVED THAT the audited Standalone Financial Statements for the year ended 31.03.2020 along with the report of the Auditors thereon and the Board Report with annexures including the prescribed annexures namely - Management Discussion and Analysis report, Corporate Governance Report, Secretarial Audit Report and Annual Report on CSR Activities be and are hereby adopted."

   "RESOLVED THAT the audited Consolidated Financial Statement for the year ended 31.03.2020 along with the report of the Auditors thereon be and is hereby adopted."

2. **Re-appointment of Director in place of retiring Director:**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT Mr. Prakash Sapkal, Director (Operations) DIN: 02007385 who retires by rotation and being willing and eligible is re-appointed as Whole-time Director of the Company liable to retire by rotation designated as Director (Operations)."

3. **Reappointment of Statutory Auditors for term of five years :**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 139 and 142 read with Rule 3 of the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions of the Companies Act, 2013 read with rules made thereunder including any statutory modification or re-enactment thereof for the time being in force, consent of the shareholders be and is hereby accorded to appoint Walker Chandiok & Company LLP, 16th Floor, Tower II, Indiabulls Finance Centre, S.B. Marg, Elphinstone (W), Mumbai – 400 013 having firm Registration Number 001076N/N500013 as Statutory Auditors of the Company for another period of five years commencing from the Financial Year 2020-21 on such terms and conditions including remuneration as may be mutually agreed upon between the Statutory Auditors and Board of Directors of the Company".

SPECIAL BUSINESS:

4. **Ratification of Remuneration of Cost Auditor for the F. Y. 2020-21**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT the remuneration of ₹ 3,90,000/- plus applicable taxes, travelling and out of pocket expenses as per actuals to M/s Dhananjay V. Joshi & Associates, Cost Auditor appointed by the Board of Directors by resolution dt. 02.06.2020 for the F.Y 2020-21 be and is hereby ratified."

5. **Approval for payment of remuneration to Managing Director and Whole-time Directors as per Section II, Part II of Schedule V of the Companies Act, 2013.**

   To consider and, if thought fit, to pass the following resolution as a Special Resolution.

   "RESOLVED THAT pursuant to section II Part II of Schedule V of the Companies Act, 2013, consent of the members be and is hereby accorded for the remuneration payable to the Managing Director and Whole-time Directors of the company within the limits prescribed under the said Section as may be decided by the Board of Directors for three years starting with Financial Year 2020-21."

6. **Approval for payment of remuneration to Mrs. Kavita Loya, Independent Director as per Regulation 17(6)(ca) of the SEBI(LODR) Regulations, 2015.**

   To consider and, if thought fit, to pass the following resolution as a Special Resolution.

   "RESOLVED THAT the approval of the shareholders be and is hereby accorded to approve payment of remuneration of ₹ 6.00 Lakhs p.a to Mrs. Kavita Loya ,Independent Director as per the requirement of regulation 17(6) (ca) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

By Order of the Board
For ZIM LABORATORIES LIMITED

(Anwar S. Daud)
Managing Director
DIN : 00023529

Place: Nagpur
Date: 05.09.2020

Notes:

1. The relevant explanatory statement pursuant to Section 102 of the Companies Act, 2013 (the Act) in respect of the Special business set out at item of the accompanying Notice is annexed herewith.
2. As required in terms of Secretarial Standard - 2 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the information (including profile and expertise in specific functional areas) pertaining to Director recommended for appointment / re-appointment in the AGM have been provided in the "Annexure" to the Notice. The Director has furnished the requisite consent / declarations for his appointment / re-appointment as required under the Companies Act, 2013 and the Rules thereunder.
3. In view of the massive outbreak of COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) has, vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020 and Security and Exchange Board of India (SEBI) vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 ("Circulars"), permitted companies to conduct Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM). In compliance with the Circulars, the AGM is being held through VC/OAVM. Hence, Members can participate in the AGM through VC only.
4. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
5. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend the Annual General Meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer at csroshnijethani@gmail.com with a copy marked to evoting@nsdl.co.in.
6. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013.

7. In line with the aforesaid Circulars, the Notice of AGM along with Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Member may note that Notice and Annual Report 2019-20 has been uploaded on the website of the Company at www.zimlab.in. The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. https://www.evoting.nsdl.com.

8. The Register of members and share transfer books of the Company will remain closed from Wednesday, September 23, 2020 to Wednesday, September 30, 2020 (both days inclusive) for the purpose of AGM.

9. Shareholders seeking any information with regard to accounts are requested to write to the Company at least 05 days before the meeting so as to enable the management to keep the information ready.

10. To support the "Green Initiative", A Members holding shares in physical form are requested to notify/ send their email id and bank account details to the Registrar & Transfer Agent (RTA) of the Company i.e. Link Intime India Private Limited. In addition, members holding shares in the demat form are requested to contact their respective Depository Participant and register their email id and bank account for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

11. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held in electronic form and to the RTA in case the shares are held in physical form.

12. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 01, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Registrars and Transfer Agents (RTA) of the Company i.e. Link Intime India Private Limited, C-101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai 400 083, India for assistance in this regard.

13. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form may file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the Registrar & Transfer Agent (RTA) of the Company i.e. Link Intime India Private Limited. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.

14. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts and members holding shares in physical form to the Company / RTA.

15. Members wishing to claim dividend that remain unclaimed are requested to correspond with Registrar & Transfer Agent as mentioned above or to the Company at its Registered Office. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF").The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members/Claimants are requested to claim their dividends from the Company, within the stipulated timeline.

16. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

17. Process for those members whose email ids are not registered - for registration of Email addresses to obtain AGM Notice/Annual Report of the Company:

    a) For members holding shares in Physical mode please provide necessary details like Folio No., Name of shareholder by email to cs@zimlab.in

    b) Members holding shares in Demat mode can get their E-mail ID registered by contacting their respective Depository Participant.

18. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.

19. The Members can join the AGM through the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

20. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.

21. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on Sunday, 27th September, 2020 at 9:00 a.m. and ends on Tuesday, 29th September, 2020 at 5:00 p.m. The remote e-voting module shall be disabled by NSDL for voting thereafter.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

   (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

   (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

22. General Guidelines for shareholders

a) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to csroshnijethani@gmail.com with a copy marked to evoting@nsdl.co.in.

b) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

c) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to (Name of NSDL Official) at evoting@nsdl.co.in

23. Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice :

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to cs@zimlab.in

   In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to cs@zimlab.in

2. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

24. THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

25. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at https://www.evoting.nsdl.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at cs@zimlab.in at least 5 days in advance before the date of the meeting i.e. 24th September by 05.00 p.m. The same will be replied by the company suitably.

26. General Instructions:

- Ms. Roshni Jethani, Company Secretary has been appointed as the Scrutinizer to scrutinize the remote e-voting process as well as the e-voting system on the date of the AGM, in a fair and transparent manner.

- The results declared along with the Scrutinizers' Report shall be placed on the Company's website i.e www.zimlab.in and on the website of NSDL i.e. https://www.evoting.nsdl.com and the results shall also be communicated to the Stock Exchange where the shares of the Company are listed.

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

Resolution No. 4 - Ratification of remuneration of Cost Auditor:-

On the recommendation of the Audit Committee, the Board of Directors in their Meeting held on 02.06.2020 approved the appointment of M/s Dhananjay V. Joshi & Associates, "CMA Pride", Ground Floor, Plot No. 6, S. No. 16/6, Erandawana Hsg. Soc., Erandawana, Pune 411 004 as Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2020-21 at a remuneration of ₹ 3,90,000/- plus out of pocket expenses and applicable taxes.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, as amended, the remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company. Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending 31st March, 2021.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested financially or otherwise, in the proposed Resolution.

The Board of Directors of the Company recommend the Resolution for the approval of the Members of the Company by way of Ordinary Resolution.

Resolution No. 5 – Approval for payment of remuneration to Managing Director and the Whole-time Directors pursuant to Section II Part II of Schedule V of the Companies Act, 2013 :

Under Section 197 of the Companies Act, 2013, the total remuneration to Managing Director and the Whole-time Directors shall not exceed 10% of the net profit for the year. In the absence or inadequacy of profit, the shareholders may authorise the payment of remuneration in excess of 10% to the Managing Director and Whole-Time Directors subject to the limits prescribed under Section II Part II of Schedule V of the Companies Act, 2013. The maximum period for which approval can be sought from shareholders is for three years and the amount of remuneration paid can be in excess of the amount prescribed under Section II Part II of Schedule V, if the resolution is passed as a Special Resolution. The particulars prescribed in the Section II Part II of Schedule V to be included in the Explanatory Statement are given below:

I.	**General Information**			
	(1)	Nature of industry	:	Pharmaceutical Industry
	(2)	Date or expected date of commencement of commercial production.	:	Not Applicable
	(3)	In case of new companies, expected date of Commencement of activities as per project approved by financial institutions appearing in the prospectus.		Not Applicable
	(4)	Financial performance based on given indicators.	:	The financial performance of the company in FY 2019-20 is as follows : 1) Revenue: ₹ 28,226.00 Lakhs 2) Profit Before Tax: ₹ 6.86 Lakhs 3) Profit After Tax: ₹ 329.66 Lakhs.
	(5)	Foreign Investments or Collaborations, if any.	:	Company has investment from following Foreign Shareholders
			:	1) AA Development Capital India Fund-1, LLC, Mauritius, Foreign Company.
			:	2) Dr. Iguer Abdelmounaim, Algerian National
			:	3) Mr. Salhi Khaled, Algerian National

II. Other information :

	(1)	Reasons for loss or inadequate profits.	:	1) Increased outlay in marketing and R&D. 2) General slowness in the economy.
	(2)	Steps taken or proposed to be taken for Improvement.	:	Investment in R&D and Marketing will contribute in increase in the revenue and profitability in subsequent years. Till date more than 500 product registrations in various geographical markets will contribute better revenue and margins. Cost control measures has been undertaken to optimize the fixed cost
	(3)	Expected increase in productivity and profits in measurable terms	:	It is not possible to quantify the productivity and profits in measurable terms at this point of time.
III.	**Disclosures in the Board Report :**		:	This will be complied with.
IV.	**Information about the appointee :**		:	Dr. Anwar Siraj Daud, Managing Director
	(1)	Background details		Dr. Anwar Siraj Daud is M. Pharm, PhD and is a well-known person in the pharmaceutical industry having vast knowledge and experience in the field. He has been Managing Director of the Company since 2002 and because of his able and dedicated stewardship the Company could achieve its present stature.
	(2)	Past remuneration	:	Salary of ₹ 1.00 Crores p.a.
	(3)	Recognition or awards.	:	Nominated as member of All India Board of Pharmaceutical Education constituted by the AICTE from 01.08.1997 to 31.07.1999
			:	Member, Board of Studies of Pharmaceutical Sciences, Nagpur University from 1991 to 1993.
			:	Member, Ayurvedic Drug Standardization Committee constituted by Food & Drug Administration, Maharashtra State in 1997.
			:	Under his management ZIM Laboratories Limited was awarded in 1993 as one of the best run industrial units in the area by District Industries Centre.
			:	Nominated as Advisor in Advisory Board of Maharishi Markandeshwar University, Mullana.
	(4)	Job profile and his suitability.	:	He has been the Managing Director of the Company for eighteen years since 2002 and the progress of the Company justified his suitability for the position.
	(5)	Remuneration proposed.	:	₹ 1.10 Crore p.a.
	(6)	Comparative remuneration profile with respect to Industry, size of the company, profile of the position.	:	The Managing Director of RPG Lifesciences is being paid ₹ 2.21 Crores in FY 2019-20. RPG life sciences is similar to the company as per the size of the company and therefore considered for comparative remuneration profile.

	(7)	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	:	He is a shareholder of the Company holding 44,45,440 equity shares. He has no other direct or indirect pecuniary relationship with the Company or with managerial personnel.
II.	**Information about the appointee :**		:	Mr. Zulfiquar M. Kamal, Director (Finance)
	(1)	Background details	:	He is a Chartered Accountant having experience in finance and treasury management particularly corporate finance.
	(2)	Past remuneration	:	₹ 65.00 lacs p.a.
	(3)	Recognition or awards.	:	N I L
		Job profile and his suitability.	:	He is presently Director (Finance) of the company. He is handling the Finance and Treasury function, purchase, Taxation function and is also actively involved in the strategic decision-making process of the company.
	(4)	Remuneration proposed.	:	₹ 75.00 lacs p.a
	(5)	Comparative remuneration profile with respect to Industry, size of the company, profile of the position (in case of expatriates the relevant details would be with respect to the country of his origin	:	The Executive Director of KOPRAN Limited is being paid Rs 1.48 Crores in FY 2019-20. KOPRAN Limited is similar to the company as per the size of the company and therefore considered for comparative remuneration profile.
	(6)	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	:	He holds 3,98,020 equity shares in the Company. He does not have any other direct or indirect pecuniary relationship with the Company or any managerial personnel.
II.	**Information about the appointee :**		:	Mr. Riaz A. Kamal, Director (Administration)
	(1)	Background details	:	He is B.Sc, AIC and has been associated with the Company for more than thirty years and is the Executive Director of the company since 1998.
	(2)	Past remuneration	:	₹ 24.00 lacs p.a.
	(3)	Recognition or awards.	:	NIL
	(4)	Job profile and his suitability.	:	He is presently handling the Domestic business of the company and also managing the administration and H.R. functions in the Company .
	(5)	Remuneration proposed.	:	₹ 31.50 lacs p.a.
		Comparative remuneration profile with respect to Industry, size of the company, profile of the position (in case of expatriates the relevant details would be with respect to the country of his origin	:	The Executive Director of KOPRAN Limited is being paid Rs 1.48 Crores in FY 2019-20. KOPRAN Limited is similar to the company as per the size of the company and therefore considered for comparative remuneration profile.
	(6)	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	:	He does not have any other direct or indirect pecuniary relationship with the Company or any managerial personnel.

II.	**Information about the appointee :**		:	Mr. Prakash Sapkal, Director (Operations)
	(1)	Background details	:	He is B. Pharm, M.B.A. and has been working with the Company for more than twenty years. He is on the Board of the Company since 2013 as Director (Operations).
	(2)	Past remuneration	:	₹ 49.00 lacs per annum.
	(3)	Recognition or awards.	:	NIL
	(4)	Job profile and his suitability.	:	He has been efficiently managing the marketing of Formulations business of the company along with operations functions in the Company.
	(5)	Remuneration proposed.	:	₹ 59.00 lacs p.a
	(6)	Comparative remuneration profile with respect to Industry, size of the company, profile of the position (in case of expatriates the relevant details would be with respect to the country of his origin	:	The Executive Director of KOPRAN Limited is being paid Rs 1.48 Crores in FY 2019-20. KOPRAN Limited is similar to the company as per the size of the company and therefore considered for comparative remuneration profile.
	(7)	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	:	He does not have any other direct or indirect pecuniary relationship with the Company or any managerial personnel.
II.	**Information about the appointee :**		:	Mr. Niraj Dhadiwal, Director (Business Development)
	(1)	Background details	:	He is B. Pharm, D.B.M. and has been associated with the Company for more than twenty years, looking after Business Development function. He is on the Board of the company since 2013 as Director (Business Development).
	(2)	Past remuneration	:	₹ 50.00 lacs per annum.
	(3)	Recognition or awards.	:	NIL
	(4)	Job profile and his suitability.	:	He is in-charge of Business Development function of the Company and has played a crucial role in growth of the Pre-Formulation business of the company.
	(5)	Remuneration proposed.	:	₹ 60.00 lacs p.a.
	(6)	Comparative remuneration profile with respect to Industry, size of the company, profile of the position (in case of expatriates the relevant details would be with respect to the country of his origin	:	The Executive Director of KOPRAN Limited is being paid Rs 1.48 Crores in FY 2019-20. KOPRAN Limited is similar to the company as per the size of the company and therefore considered for comparative remuneration profile.
	(7)	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	:	He does not have any other direct or indirect pecuniary relationship with the Company or any managerial personnel.

Dr. Anwar Siraj Daud, Mr. Zulfiquar M. Kamal, Mr. Riaz A Kamal, Mr. Niraj Dhadiwal and Mr. Prakash Sapkal are interested in the resolution.

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

The Board of Directors of the Company recommend the Resolution for the approval of the Members of the Company by way of Special Resolution.

Resolution No. 6 - Approval for payment of remuneration to Mrs. Kavita Loya, Independent Director

As per regulation 17 (6)(ca) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, approval of shareholders by way of Special Resolution is required to be obtained every year, in which the annual remuneration payable to single non-executive director exceeds fifty percent of the total remuneration payable to all non-executive directors.

The remuneration of Mrs. Kavita Loya, Independent Director for F.Y. 2020-21 is ₹ 6 Lakhs p.a by way of commission. The remuneration paid to Mrs. Kavita Loya is in excess to the total remuneration paid to all the other Non-Executive Directors. Mrs. Kavita Loya is a Chartered Accountant having experience of more than 20 years and is expert in Financial and Taxation matters. Mrs. Kavita Loya is also the Chairperson of the Audit Committee. Mrs. Kavita Loya is regularly involved in review of the financial performance, internal control systems and risk management process of the company.

As the remuneration payable to Mrs. Kavita Loya exceeds fifty percent of the total remuneration payable to all non-executive directors, shareholders' approval by means of special resolution shall be obtained in the general meeting of the company. Accordingly, consent of the shareholders is sought for passing a Special Resolution as set out in Item No. 6 of the Notice for approval of payment of remuneration to Mrs. Kavita Loya as per regulation 17 (6) (ca) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Mrs. Kavita Loya, Independent Director is interested in the resolution.

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

The Board of Directors of the Company recommend the Resolution for the approval of the Members of the Company by way of Special Resolution.

By Order of the Board
ZIM LABORATORIES LIMITED

Place: Nagpur
Date: 05.09.2020

(Anwar S. Daud)
Managing Director

Annexure

DETAILS OF DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT:

Particulars:	Profile of the Director
Name of Director	Mr. Prakash Sapkal
DIN	02007385
Date of Birth	February 18, 1968
Date of Appointment	November 22, 2013
Qualifications	Bachelor of Pharmacy with Post Graduation in Business Administration
Experience and Expertise in Specific Functional Areas	Mr. Prakash Sapkal is associated with the Company since the past 24 years starting his career as an Assistant Chemist. He possesses strong Pharmaceutical Background and administration skills. In his current role as Director(Operations), he looks after the operations and Formulations and Oral Thin Film business.
Remuneration last drawn (including sitting fees, if any)	Please refer to the Corporate Governance Report (Annexure - VI) as part of Board Report
Number of Meeting of the Board attended during the Financial Year (2019-20)	04
Names of other Companies in which the Director holds Directorship as on 31.03.2020	NIL
Names of Committees of other listed Companies in which the Director holds Chairmanship/ Membership as on 31.03.2020	NIL
Shareholding in the Company as on 31.03.2020	1,00,600 Equity Shares of ₹ 10 each.
Relationships between Directors, Key Managerial Personnel and Managers of the Company	NIL