



Zeal & Innovation in Medicine

Zim Laboratories Limited

**32nd Annual Report
2015-2016**

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Registered Office

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

Phone : 0091 – 712 2588070

e-mail : md@zimlab.in

CIN : U99999MH1984PLC032172

Mr. Zakir S. Vali, Chairman Emeritus

// Board of Directors //

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

// Company Secretary //

Mr. R.A. Parasuraman

// Bankers //

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

// Auditors //

M/s Walker Chandiok & Co. LLP
Chartered Accountants

// Legal Advisor//
Adv. Shabana Karim

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ZIM LABORATORIES LIMITED

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

To

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

NOTICE OF THE THIRTY SECOND ANNUAL GENERAL MEETING TO BE HELD ON 30.09.2016

NOTICE is hereby given that the Thirty Second Annual General Meeting of Zim Laboratories Limited will be held on Friday, the 30th September, 2016 at 2.00 p.m. in the Conference Hall of Company's Registered Office at Sadoday Gyan (Ground Floor), Opp. NADT, Nelson Square, Nagpur – 440 013 to transact the following business :-

ORDINARY BUSINESS :

To pass, if thought fit, the following Resolutions, with or without amendment as Ordinary Resolution :-

Adoption of Audited Financial Statements for 2015-16 and Reports :

1. "RESOLVED that the audited financial statements for the year ended 31.03.2016 along with the schedules forming part thereof and consolidated Financial Statements for the year ended 31.03.2016 with the schedules forming part thereof, the Auditor's Report and the Board Report be and are hereby adopted."

Declaration of Dividend :

2. "RESOLVED that payment of dividend @ 10% for equity shares for the year ended 31.03.2016 be and is hereby declared".

Re-appointment of Director in place of retiring Director :

3. "RESOLVED that Mr. Prakash Sapkal, Director (Operations) who retires by rotation at this Annual General Meeting be and is hereby re-appointed as a Whole-time Director liable to retirement by rotation."

Ratification of Appointment of Auditors for 2016-17 :

4. "RESOLVED that whereas M/s Walker Chandio & Co. LLP (ICAI Firm Registration No. 001076N/N500013) 16th Floor, Tower II, Indiabulls Finance Centre, S B Marg, Elphinstone (W), Mumbai – 400 013 who have been appointed for a term of five years commencing from the financial year 2015-16 but the appointment for every year is subject to ratification by the members, their appointment for the year 2016-17 be and is hereby ratified."

SPECIAL BUSINESS :

To pass with or without amendment, the following Resolutions as Ordinary Resolution:-

Ratification of remuneration of Cost Auditor for the financial year 2016-17 :

5. "WHEREAS pursuant to section 148(2) read with rule 14 of the Companies (Audit & Auditors) Rules, 2014, the Board has appointed M/s Dhananjay V. Joshi & Associates, "CMA Pride", Ground Floor, Plot No. 6, S. No. 16/6, Erandawana Hsg. Soc., Erandawana, Pune 411 004, as the Cost Auditors for the year 2016-17 at a remuneration of Rs. 3.00 lacs plus out of pocket expense at actuals, the remuneration being subject to ratification by the members,

NOW, THEREFORE, RESOLVED that the remuneration of Rs. 3.00 lacs plus out of pocket expense at actuals for the Cost Auditor appointed by the Board of Directors be and is hereby ratified".

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Approval of increase in Directors' Remuneration approved by the Board on 28.06.2016 :-

6. "RESOLVED that increase in remuneration of Managing Director and Whole-time Directors w.e.f. 01.04.2016 granted by the Board of Directors in its meeting held on 28.06.2016 be and is hereby approved".

Appointment of Mr. Niraj Dhadiwal as a Whole-time Director :

7. "RESOLVED that whereas the appointment of Mr. Niraj Dhadiwal as a Whole-time Director ends on 30.09.2016, Mr. Niraj Dhadiwal be and is hereby appointed as a Whole-time Director for three years from 01.10.2016 to 30.09.2019 on the same terms & conditions which were applicable to him on 30.09.2016."

Appointment of Mr. Prakash Sapkal as Whole-time Director :

8. "RESOLVED that whereas the appointment of Mr. Prakash Sapkal as a Whole-time Director ends on 30.09.2016, Mr. Prakash Sapkal be and is hereby appointed as a Whole-time Director for three years from 01.10.2016 to 30.09.2019 on the same terms & conditions which were applicable to him on 30.09.2016."

Appointment of Mr. Zulfiquar M. Kamal as Whole-time Director :

9. "RESOLVED that whereas the appointment of Mr. Zulfiquar M. Kamal as a Whole-time Director ends on 18.10.2016, Mr. Zulfiquar M. Kamal be and is hereby appointed as a Whole-time Director for three years from 19.10.2016 to 18.10.2019 on the same terms & conditions which were applicable to him on 18.10.2016."

By Order of the Board
ZIM LABORATORIES LIMITED

(Anwar S. Daud)
Managing Director

Place : NAGPUR
Date : 03.09.2016

Note :

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

- (c) The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

8) Voting through electronic mode

- (a) Members whose email addresses are registered with their Depository Participants (in case of shares held in demat form) or with the Company's Registrar and Share Transfer Agent (in case of shares held in physical form) will receive an email from NSDL informing them of their User-ID and Password. Once the Member receives the email, he or she will need to go through the following steps to complete the e-voting process.
 - (b) Open the email and open the PDF file titled 'Zim e-voting.pdf', using your Client ID or Folio No. as Password. The said PDF file contains your user ID and password for e-voting. Please note that this password is an initial password.
 - (c) Launch your internet browser by typing the following URL: <https://www.evoting.nsdl.com>
 - (d) Click on Shareholder – Login.
 - (e) Enter the user ID and Password (the initial password noted in step (a) above). Click on Login.
 - (f) The Password change menu will appear. Change the Password to a Password of your choice. The new Password should have a minimum of 8 (eight) digits / characters or combination thereof. It is strongly recommended that you do not share your Password with any other person and take utmost care to keep your Password confidential.
 - (g) The homepage of e-voting will open. Click on 'e-voting: Active Voting Cycles'.
 - (h) Select 'EVEN' (E Voting Event Number) of Zim Laboratories Limited. For an EVEN, you can login any number of times on e-voting platform of NSDL till you have voted on the Resolution during the voting period.
 - (i) Now you are ready for e-voting as the 'Cast Vote' page opens.
 - (j) Cast your vote by selecting the option of your choice and clicking on 'Submit', and also remember to 'Confirm' when prompted.
 - (k) Upon confirmation, the message 'Vote cast successfully' will be displayed.
 - (l) Once you have voted on the Resolution, you will not be allowed to modify your vote.
 - (m) Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authorization Letter etc., together with attested specimen signature of the authorized signatory / signatories who are authorized to vote, to the Scrutinizer via e-mail to csjain.ankita@gmail.com with a copy marked to cs@zimlab.in and evoting@nsdl.co.in
- 9) For Members whose email IDs are not registered with the Company / Depository Participant(s) and who receive the physical Postal Ballot Forms, the following instructions may be noted:
- a) The initial password is provided at the bottom of the Attendance Slip
 - b) Please follow all the steps from (a) to (j) mentioned above, to cast your vote successfully.
- 10) In case of any queries, you may refer to the Frequently Asked Questions (FAQs) and e-voting user manual for Members available in the 'Downloads' section of www.evoting.nsdl.com or contact NSDL by email at evoting@nsdl.co.in.

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- 11) Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot Password' option available on the site to reset the Password.
- 12) If you are already registered with NSDL for e-voting, then you can use your existing user ID and Password for casting your vote.
- 13) The e-voting period commences on Tuesday the 27th September, 2016 from 9.00 a.m. and ends on Thursday the 29th September, 2016 at 5.00 p.m. During this period, members of the Company holding shares either in physical form or in dematerialized form, as on the relevant date, i.e. the 23rd September, 2016 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a Resolution is cast by a Member, he or she will not be allowed to change it subsequently.
- 14) The Share Transfer Books of the company shall remain closed from 23.09.2016 to 30.09.2016 (both days inclusive)

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Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the Special Business for the Annual General Meeting on 30th September, 2016.

Resolution No. 5 - Ratification of remuneration of Cost Auditor for the financial year 2016-17 :

As per the notification issued by the Government of India, maintenance of Cost Records and Audit of Cost Records by a Practicing Cost Accountant i.e. Cost Auditor is mandatory for the company. Accordingly, the Cost Auditor for conducting the cost audit is to be appointed by the Board of Directors on the recommendation of Audit Committee at a remuneration which is required to be ratified by the members. Accordingly, the Board of Directors has appointed M/s Dhananjay V. Joshi & Associates, "CMA Pride", Ground Floor, Plot No. 6, S. No. 16/6, Erandawana Hsg. Soc., Erandawana, Pune 411 004, as the Cost Auditors for the year 2016-17 at a remuneration of Rs. 3.00 lacs plus out of pocket expense at actuals, at the meeting of Board of Directors held on 01.09.2016. The resolution under the Special Business is proposed for ratification of the remuneration fixed by the Board of Directors, as required under Rule 14 of Companies (Audit & Auditors) Rules, 2014.

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

Resolution No. 6 - Approval of Directors' Remuneration.

Considering the commendable performance of Whole-time Directors resulting in overall progress of the Company, it was considered desirable by the Board of Directors to increase their remuneration as per the recommendation of the Nomination & Remuneration Committee in their meeting held on 28.06.2016. The revised remuneration of Managing Director and Whole-time Directors is as follows :-

Sr. No.	Name of Whole-time Director	Revised remuneration effective from 01.04.2016
01	Dr. Anwar Siraj Daud, Managing Director	80,60,000.00
02	Mr. Zulfiquar M. Kamal	48,00,000.00
03	Mr. Riazahmed K. Kamal	20,00,000.00
04	Mr. Niraj P. Dhadiwal	35,50,000.00
05	Mr. Prakash P. Sapkal	34,50,000.00

The above revision of remuneration is subject to approval by the members. Therefore, this resolution is proposed for approval of the increase in remuneration.

No Director of the Company other than the above Directors is interested in the resolution otherwise than as a Director.

Resolution No. 7 - Appointment of Mr. Niraj Dhadiwal as a Whole-time Director.

Mr. Niraj Dhadiwal was appointed as a Whole-time Director for three years and the said tenure expires on 30.09.2016. The Nomination & Remuneration Committee has recommended his re-appointment for a period of three years on the same terms & conditions as at present applicable to him. Therefore, it is proposed to appoint Mr. Niraj Dhadiwal as a Whole-time Director on the same terms & conditions as applicable to him on 30.09.2016

No Director other than Mr. Niraj Dhadiwal is interested in this resolution otherwise than as a Director.

Resolution No. 8 - Appointment of Mr. Prakash Sapkal as Whole-time Director.

Mr. Prakash Sapkal was appointed as a Whole-time Director for three years and the said tenure expires on 30.09.2016. The Nomination & Remuneration Committee has recommended his re-appointment for a period of three

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years on the same terms & conditions as at present applicable to him. Therefore, it is proposed to appoint Mr. Prakash Sapkal as a Whole-time Director on the same terms & conditions as applicable to him on 30.09.2016

No Director other than Mr. Prakash Sapkal is interested in this resolution otherwise than as a Director.

Resolution No. 9 - Appointment of Mr. Zulfiquar M. Kamal as Whole-time Director.

Mr. Zulfiquar M. Kamal was appointed as a Whole-time Director for four years and the said tenure expires on 18.10.2016. The Nomination & Remuneration Committee has recommended his re-appointment for a period of three years on the same terms & conditions as at present applicable to him. Therefore, it is proposed to appoint Mr. Zulfiquar M. Kamal as a Whole-time Director on the same terms & conditions as applicable to him on 18.10.2016

No Director other than Mr. Zulfiquar M. Kamal is interested in this resolution otherwise than as a Director.

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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 Rules, 2014 and Companies Accounts Rules, 2014 in respect of year ended 31.03.2016 as follows :-

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

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

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

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

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

The three Independent Directors namely – Mr. Naresh Gaikwad, Dr. V.V. Parashar and Mr. Suprakash Chakravarty have given the required declaration under Sub Section 6 of Section 149 on 16.06.2016, 20.06.2016 and 28.06.2016 respectively.

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

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

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

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

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

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

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

- a) Loan : NIL
- b) Guarantee : NIL
- c) Investments : Investment in wholly-owned subsidiary was 25,000 AED (Rupees 4,03,000.00). (Rs.16.12 = one AED as on 31.03.2015) at the beginning of the year and there was no further investment during the year.

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

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

The Company continues to progress in the direction of its own strategy to emerge as a Differentiated Products and Innovation based pharmaceutical technology player. Its export business especially with respect to its New Drug Delivery Systems and its Differentiated Product's portfolio have shown a quantum leap in the region of 30% plus growth. Several of company's unique products have recently been registered with FDA and contracts for supply to new geographies such as Russia and Europe have been signed. Further, the company continued to file patents and develop Oral Thin Films and Taste Masked products and build a sound intellectual Property portfolio.

- i) The amount proposed to be carried to reserve : NIL
- j) The amount of dividend payment recommended : Rs. 79.99 lacs
- k) Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year and the date of the report. : NIL

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

A. Conservation of energy :

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

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

- Unwanted lighting kept off
- Optimized the efficiency of HVAC by PM
- Replaced high voltage motors with low voltage motors
- Power consumption by using TEMP. Controller

- (ii) The steps taken by the Company for utilizing alternate sources of energy; NIL

- (iii) The capital investment on energy conservation equipments; NIL

B. Technology absorption :

- (i) the efforts made towards technology absorption : 40 products were added to the pipeline of solid oral dosage forms of various molecules. 32 new products had focus for export markets and 8 new products had focus for domestic market. Research is underway for development, evaluation and standardization of solid oral dosage forms such as pellets, DC granules, taste masked granules and orally disintegrating strips for GIT, Cardiovascular, Weight management and Diabetes related disorders.

Analytical methods were developed and validated for establishing the stability of these products over its shelf life.

4 new products were successfully transferred from R&D to production floor. Initiatives on vendor qualification for raw materials were also undertaken during the year.

- (ii) the benefits derived like product : The above efforts helped Zim to maintain relevance with its existing clients and offering them value added products. Value was created by offering analytical data package, comparative dissolution profile, stability data package and clinical data package.

New products helped Zim in geographic expansion into at least 5 new markets. New products were offered to clients using indigenously developed technology.

Green process were adopted for coating process by increasing the use of environment friendly solvents. Alternate vendor development was initiated for API and excipients.

- (iii) In case of imported technology (imported : during the last three years reckoned from the beginning of the financial year)-

- (a) the details of technology imported : NIL
- (b) the year of import : NIL
- (c) whether the technology been fully absorbed : Not applicable
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof and : Not applicable

- (iv) The expenditure incurred on Research and Development : Rs. 793.45 lacs.

C. Foreign Exchange earnings and outgo :

- i) Foreign exchange earned during the year : Rs. 10346.98 lacs
- ii) Expenditure in foreign exchange : Rs. 2950.71 lacs

m) Risk Management Policy :

The company being engaged in manufacturing and selling comprising both exports and domestic sale of pharmaceutical products judge from the present scenario there does not appear any risk materially affecting the company's policy of projected performance.

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n) Corporate Social Responsibility initiatives :-

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

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

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

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

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

p) Financial highlights :

Particulars	(Rs. in Lacs)	
	2016	2015
Sales (Net)	26828.01	26633.03
Other Income	390.77	248.25
Gross Income before Interest and Depreciation	3315.08	2390.80
Less : Interest 1365.32		
Depreciation 875.69		
Profit Before Exceptional items and Tax	1074.07	645.35
Less : Exceptional item	533.04	3301.88
Profit / (loss) before tax	541.03	(2656.53)
Profit After Tax	514.55	(2156.82)
Balance in Profit & Loss Account brought forward	3717.78	5895.42
Profit available for appropriation	4232.33	3738.60
<u>Appropriation :</u>		
Proposed Dividend	79.99	0.00
Corporate Dividend Tax	16.95	3.40
Transferred to General Reserve	0.00	0.00
Net Surplus in P & L A/c	4135.39	3717.78
Other adjustments	0.00	17.42
Total Reserves & Surplus	9042.75	8625.14

- q) Change in nature of business if any : NIL
- r) The details of Directors or Key Managerial Personnel who were appointed or have resigned during the year. : NIL
- s) Names of Companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year. : ZIM Laboratories FZE Sharjah
- t) Details relating to deposits covered under Chapter V of the Act : NIL
- u) The details of deposits which are not in compliance with the requirements of Chapter V of the Act. : NIL
- v) The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future : NIL

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- w) The details in respect of adequacy of internal financial controls with reference to the financial statements : The Company has adequate Internal Financial Controls commensurate with the size and nature of business.

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

During the year 2015-16 there has been no change in the Paid-up Capital of the Company. The Cost of turnover, the turnover and the loss for the year calculated by conversion of amounts expressed in AED in the Subsidiary's Financial Statements at exchange rate as on 31.03.2016 are as follows :-

The Cost of turnover	:	Rs. 24,92,566.00
Turnover	:	Rs. 24,90,672.00
Gross loss for the year	:	Rs. 1,875.90
Net loss for the year after other expenses	:	Rs. 4,91,287.39

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 Director

(Anwar Siraj Daud)
Chairman

Nagpur
Dated : 01.09.2016

32nd Annual Report 2015-2016**Annexure – I****Extract of the Annual Return as provided under Sub Section 3 of Section 92.****Form MGT-9****EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2016**

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : U99999MH1984PLC032172
- ii) Registration Date : 14.02.1984
- iii) Name of the Company : ZIM Laboratories Limited
- iv) Category / Sub-Category of the Company : Public Limited Company
- v) Address of the Registered Office and contact details : Sadoday Gyan (Ground Floor)
Opp. NADT, Nelson Square,
NAGPUR – 440 013
- vi) Whether listed company Yes / No : No
- vii) Name, Address and Contact details of if Registrar and Transfer Agent, if any. : Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound, LBS Marg,
Mumbai – 400 078. Ph. 022 - 25963838

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

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

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

IV. SHARE HOLDING P.ATTERN (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	47,26,940	16,670	47,43,610	59.306	41,39,340	15,470	41,54,810	51.948	-7.358
b) Central Govt.									
c) State Govt.(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any Other....									
Sub-total (A) (1):-	47,26,940	16,670	47,43,610	59.306	41,39,340	15,470	41,54,810	51.948	-7.358
(2) Foreign									
a) NRIs – Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI)									
e) Any Other....									
Sub-total (A) (2):-	00	00	00	0.000	00	00	00	0.000	0.000
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	47,26,940	16,670	47,43,610	59.306	41,39,340	15,470	41,54,810	51.948	-7.358

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B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt.									
d) State Govt.(s)									
e) Venture Capital Funds									
f) Insurance									
g) Companies									
h) FIs									
i) Foreign Venture capital fund									
j) Others (specify)									
Sub-total (B)(1):-	00	00	00	0.000	00	00	00	0.000	0.000
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	3,200	63,900	67,100	0.839	3,53,311	64,000	4,17,311	5.217	4.378
ii) Overseas	00	17,82,652	17,82,652	22.287	17,82,652	00	17,82,652	22.287	0.000
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	86,000	7,73,980	8,59,980	10.752	97,800	7,78,169	8,75,969	10.952	0.475

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i) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1,45,400	71,000	2,16,400	2.705	3,89,000	00	3,89,000	4.863	2.158
c) Others (specify)									
(i) NRI	11,510	1,01,400	1,12,910	1.412	61,510	1,01,400	1,62,910	2.037	0.625
(ii) Foreign National	00	2,15,868	2,15,868	2.699	00	2,15,868	2,15,868	2.699	0.000
Sub-total (B)(2):-	2,46,110	30,08,800	32,54,910	40.694	9,01,621	29,42,089	38,43,710	48.055	7.636
Total Public Shareholding (B)=(B)(1)+ (B)(2)	2,46,110	30,08,800	32,54,910	40.694	9,01,621	29,42,089	38,43,710	48.055	7.636
C. Shares held by Custodian for GDRs & ADRs	00	00	00	00	00	00	00	00	00
Grand Total (A+B+C)	49,73,050	30,25,470	79,98,520	100.000	50,40,961	29,57,559	79,98,520	100.000	0.000

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in shareholding
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr. Anwar Siraj Daud	23,13,720	28.927	00	22,22,720	27.789	00	- 1.137
2	Mr. Zakir S. Vali	19,10,570	23.887	00	14,24,570	17.810	00	- 6.077
3	Mr. Mohammed S. Vali	8510	0.106	00	7,910	0.099	00	- 0.007
4	Mrs. Tasneem Daud	5,000	0.063	00	5,000	0.063	00	0.000
5	Mr. Zulfikar M. Kamal	4,96,010	6.201	00	1,99,010	2.488	00	- 3.726
6	Mrs. Sabbah Kamal	00	0.000	00	2,50,000	3.126	00	3.126
7	Mr. Hasan Z. Kamal	6600	0.083	00	17,400	0.218	00	0.135
8	Mr. Riaz Kamal	1,700	0.021	00	1,700	0.021	00	0.000
9	Mr. Niraj Dhadiwal	200	0.003	00	12,700	0.159	00	0.156
10	Mrs. Monika Dhadiwal	200	0.003	00	200	0.003	00	0.000
11	Mrs. Pramila Dhadiwal	200	0.003	00	200	0.003	00	0.000
12	Mr. Prakash Sapkal	300	0.004	00	12,800	0.160	00	0.156
13	Mr. Naresh Gaikwad	200	0.003	00	200	0.003	00	0.000
14	Dr. V.V. Parashar	400	0.005	00	400	0.005	00	0.000
	Total	47,43,610	59.306	00	41,54,810	51.945	00	- 7.361

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(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			47,43,610	59.306	47,43,610	59.306
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/bonus/sweat equity etc):	23.04.2015	(-) 96,000	46,47,610	58.106	46,47,610	58.106
		24.04.2015	(-) 96,000	45,51,610	56.906	45,51,610	56.906
		25.04.2015	(-) 47,000	45,04,610	56.318	45,04,610	56.318
		05.08.2015	(-) 3,90,000	41,14,610	51.442	41,14,610	51.442
		22.08.2015	(+) 10,000	41,24,610	51.567	41,24,610	51.567
		07.09.2015	(+) 200	41,24,810	51.569	41,24,810	51.569
		10.09.2015	(+) 25,000	41,49,810	51.882	41,49,810	51.882
		29.09.2015	(+) 5,000	41,54,810	51.945	41,54,810	51.945
	At the End of the year			41,54,810	51.945	41,54,810	51.945

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	AA Development Capital India Fund 1, LLC				
	At the beginning of the year	17,82,652	22.287	17,82,652	22.287
	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)	17,82,652	22.287	17,82,652	22.287

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Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year		
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
2	Bonanza Business Services Pvt. Ltd.					
	At the beginning of the year	1,000	0.012	1,000	0.012	
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc):	23.04.2015 (Transfer)	(+)96,000	1.200	97,000	1.213
		24.04.2015 (Transfer)	(+)96,000	1.200	1,93,000	2.413
		25.04.2015 (Transfer)	(+)47,000	0.588	2,40,000	3.000
	At the End of the year (or on the date of separation, if separated during the year)	2,40,000	3.000	2,40,000	3.000	

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year		
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
3	Mr. Anil Dhedia					
	At the beginning of the year	75,000	0.937	75,000	0.937	
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc):	21.01.2016 (Transfer)	(+)1,30,000	1.625	2,05,000	2.562
	At the End of the year (or on the date of separation, if separated during the year)	2,05,000	2.562	2,05,000	2.562	

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Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4	Dr. Iguer Abdelmounaim				
	At the beginning of the year	1,94,280	2.428	1,94,280	2.428
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	1,94,280	2.428	1,94,280	2.428

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5	Mr. Devang Parekh				
	At the beginning of the year	64,000	0.800	64,000	0.800
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc):	09.11.2015 (+)1,20,000 (Transfer)	1.500	1,84,000	2.300
	At the End of the year (or on the date of separation, if separated during the year)	1,84,000	2.300	1,84,000	2.300

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Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6	Saif Health Remedies Pvt. Ltd.				
	At the beginning of the year	611	0.007	611	0.007
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc):	26.10.2015 (Transfer) (+) 700	0.008	1,311	0.016
		10.08.2015 (Transfer) (+) 3,90,000	1.125	3,91,311	4.892
		09.11.2015 (Transfer) (-) 1,20,000	1.500	2,71,311	3.392
		21.01.2016 (Transfer) (-) 1,30,000	1.625	1,41,311	1.767
		09.01.2016 (Transfer) (-) 50,000	0.625	91,311	1.142
		22.08.2015 (Transfer) (+) 10,000	0.125	1,01,311	1.267
		10.09.2015 (Transfer) (+) 4,200	0.052	1,05,511	1.319
		16.09.2015 (Transfer) (+) 3,800	0.047	1,09,311	1.367
		24.09.2015 (Transfer) (+) 500	0.006	1,09,811	1.373
		18.11.2015 (Transfer) (+) 200	0.002	1,10,011	1.375
	At the End of the year (or on the date of separation, if separated during the year)	1,10,011	1.375	1,10,011	1.375

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7	Mrs. Fatima Shakirbhai Vali				
	At the beginning of the year	60,410	0.755	60,410	0.755
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	60,410	0.755	60,410	0.755

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Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8	Mr. Sanjay Kumar Singh				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc):	09.01.2016 (+)50,000 (Transfer)	0.625	50,000	0.625
	At the End of the year (or on the date of separation, if separated during the year)	50,000	0.625	50,000	0.625

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
9	Worldlink Finance Limited				
	At the beginning of the year	30,900	0.386	30900	0.386
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	30,900	0.386	30900	0.386

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Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
10	Mr. Salhi Khaled				
	At the beginning of the year	21,588	0.269	21,588	0.269
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	21,588	0.269	21,588	0.269

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year		
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	Mr. Anwar Siraj Daud					
	At the beginning of the year	23,13,720	28.926	23,13,720	28.926	
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer / bonus/ sweat equity etc):	24.04.2015 (Transfer)	(-) 96,000	0.063	22,17,720	27.726
		29.9.2015 (Transfer)	(+) 5,000	1.200	22,22,720	27.789
	At the End of the year	22,22,720	27.789	22,22,720	27.789	

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Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year		
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
2	Mr. Zulfiquar M. Kamal					
	At the beginning of the year	4,96,010		6.201	4,96,010	6.201
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)	25.04.2015 (Transfer)	(-) 47,000	0.587	4,49,010	5.614
		11.06.2015 (Transfer)	(-) 2,50,000	3.126	1,99,010	2.488
	At the End of the year	1,99,010		2.488	1,99,010	2.488

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3	Mr. Riazahmed K. Kamal				
	At the beginning of the year	1,700	0.212	1,700	0.212
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer / bonus/ sweat equity etc)	NIL	NIL	NIL	NIL
	At the End of the year	1,700	0.212	1,700	0.212

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Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4	Mr. Niraj Dhadiwal				
	At the beginning of the year	200	0.003	200	0.003
	Date-wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer /bonus/ sweat equity etc):	10.09.2015 (Transfer)	(+) 12,500 0.159	12,700	0.159
	At the End of the year	12,700	0.159	12,700	0.159

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5	Mr. Prakash Sapkal				
	At the beginning of the year	300	0.004	300	0.004
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	10.09.2015 (Transfer)	(+) 12,500 0.156	12,800	0.160
	At the End of the year	12,800	0.160	12,800	0.160

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

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

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

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

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment.
(Figures in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 2014-15				
i) Principal Amount	9,184.50	115.59	--	9,300.09
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	62.76	--	--	62.76
Total (i+ii+iii)	9,247.26	115.59	--	9,362.85
Change in Indebtedness during the financial year				
· Addition	496.81	--	--	496.81
· Reduction	-171.35	-20.21	--	-191.56
Net Change	325.46	-20.21	--	305.25
Indebtedness at the end of the financial year				
i) Principal Amount	9,501.55	95.38	--	9,596.93
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	71.17	--	--	71.17
Total (i+ii+iii)	9,572.72	95.38	--	9,668.10

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VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager					Total Amount
		Mr. Anwar S. Daud	Mr. Riazahmed K. Kamal	Mr. Zulfiquar Kamal	Mr. Prakash Sapkal	Mr. Niraj Dhadiwal	
1.	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	60.00 lacs	17.50 lacs	36.00 lacs	22.85 lacs	23.00 lacs	159.35 lacs
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	18.00 lacs					18.00 lacs
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961						
	Stock Option	--	--	--	--	--	--
3.	Sweat Equity	--	--	--	--	--	--
4.	Commission - as % of profit - others, specify...	--	--	--	--	--	--
5.	Others, please specify	--	--	--	--	--	--
	Total (A)	78.00 lacs	17.50 lacs	36.00 lacs	22.85 lacs	23.00 lacs	177.35 lacs
	Ceiling as per the Act	84.00 lacs	84.00 lacs	84.00 lacs	84.00 lacs	84.00 lacs	420.00 lacs

B. Remuneration to other directors:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Naresh Gaikwad	Dr. V.V. Parashar	Mr. Suprakash Chakravarty	
1.	Independent Directors				
	• Fee for attending board committee meetings				
	• Commission	60,000.00	60,000.00	60,000.00	1,80,000.00
	• Others, please specify Remuneration				
	Total (1)	60,000.00	60,000.00	60,000.00	1,80,000.00

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2.	Other Non-Executive Directors				
	· Fee for attending board committee meetings	NIL	NIL	NIL	NIL
	· Commission				
	· Others, please specify				
	Total (2)	NIL	NIL	NIL	NIL
	Total (B) = (1+2)	60,000.00	60,000.00	60,000.00	1,80,000.00
	Total Managerial Remuneration	179.15 lacs			
	Overall Ceiling as per the Act	420.00 lacs			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/WTD :
Section 203 not applicable to the Company .

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(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				

32nd Annual Report 2015-2016**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					

ANNEXURE - II

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

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The composition of the CSR Committee :
 - i) Mr. Anwar Siraj Daud, Chairman
 - ii) Mr. Zulfiqar M. Kamal, Member
 - iii) Mr. Raghav Kapoor, Member
 - iv) Mr. Suprakash Chakravarty, Member
3. Average net profit of the company for last three financial years – : Rs. 65.96 lacs.
4. Prescribed CSR Expenditure (two per cent of the amount as item 3 above) : Rs. 1.32 lacs
5. Details of CSR spent during the financial year :
 - (a) Total amount to be spent for the year 2015-16 :

	Rs. 36.56 Lacs	(For F.Y. 2015-16 For F.Y. 2014-15 (unspent)	Rs. 1.32 lacs Rs. 35.24 lacs
	Total		Rs. 36.56 lacs
 - (b) Amount unspent, if any. :

	Rs. 32.56 Lacs	(Amount to be spent Amount spent during F.Y. 2015-16 Unspent	Rs. 36.56 lacs Rs. 4.00 lacs
			Rs. 32.56 lacs
 - (c) Manner in which the amount spent during the financial year is detailed below :

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken.	Amount outlay (budget) project or programs-wise	Amount spent on the projects or programs sub-heads. (1) Direct expenditure on projects or programs (2) Over-heads:	Cumulative expenditure upto the reporting period.	Amount spent : Direct or through implementing agency*

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1	Financial Support to Millat Educational & Social Welfare Association for Ground leveling of School and for purchase of uniforms, Note Books and Text Books	Educational Sector	Dist. Nagpur State Maharashtra	Rs.5,21,573/-	Rs 4.00 lacs	Rs.4.00 lacs	Amount spent through Implementing Agency
	TOTAL			Rs.5,21,573/-	Rs.4.00 lacs	Rs.4.00 lacs	

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

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report : The prescribed amount of Rs. 1.32 lacs for 2015-16 has been spent and the excess of Rs. 2.68 lacs during the year relates to the backlog of 2014-15 for which suitable projects could not be undertaken during that year.
7. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

(Zulfiqar M. Kamal)
Director (Finance)

(Anwar Siraj Daud)
Chairman (CSR Committee)

ANNEXURE - III**Form No. MR-3
SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016**

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

To,

The Members,

ZIM Laboratories Limited

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

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2016 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, 2016 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'):- **Not applicable as the Company has become unlisted from 30.05.2014.**
 - (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; (Not Applicable)
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009.
 - (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.
 - (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
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- (vi) The Acts which are specifically applicable to the Company as follows :-
 - (a) The Drugs and Cosmetics Act, 1940.
 - (b) Food Safety and Standards Act, 2006.
 - (c) Poisons Act, 1919.
 - (d) The Patents Act, 1970.
 - (e) The Trade marks Act, 1999.

Labour Laws :-

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

Environmental Laws :-

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

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

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

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

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of Board of Directors during the period under review.

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

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

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

Signature:

Place : Nagpur
Date : 29.08.2016

CS Ankita P. Jain
ACS: 32982
PCS: 12098

Independent Auditor's Report

To the Members of Zim Laboratories Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Zim Laboratories Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; 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.

Auditor's Responsibility

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

Other Matter

9. The financial statements of the Company for the year ended 31 March 2015, were audited by S R B C & CO LLP who had expressed a qualified opinion on those financial statements vide their audit report dated 17 December 2015. The audit report was qualified in respect of occurrence of certain sales and purchases transactions and non-provision of certain trade receivable and loans and advance balances considered doubtful of recoverability.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. Further to our comments in annexure A, as required by Section 143(3) of the Act, we report that:
- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the standalone financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of the written representations received from the directors as at 31 March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 1 September 2016 as per annexure B expressed unmodified opinion.
 - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. as detailed in Note 33B to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

For Walker Chandio & Co LLP
(Formerly Walker, Chandio & Co)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Adi P. Sethna**
Partner
Membership No.: 108840
Place: Nagpur
Date: 1 September 2016

Annexure A to the Independent Auditor's Report of even date to the members of Zim Laboratories Limited on the standalone financial statements for the year ended 31 st March 2016.

Annexure A

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties are held in the name of the Company except for the following properties:

(Rsin lacs)

Nature of property	Total Number of Cases	Whether leasehold /freehold	Gross block as at 31 March 2016	Net block on 31 March 2016
Land	3	Leasehold	435.01	428.17
Building	3	Constructed on leasehold land	280.16	263.23

- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there have been slight delays in few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:
Statement of Disputed Dues

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Annexure A to the Independent Auditor's Report of even date to the members of Zim Laboratories Limited on the standalone financial statements for the year ended 31 st March 2016.

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Amount paid under Protest (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Short payment of service tax under the category "Business auxiliary Service"	5.76	-	2008-09 to 2012-13	CESTAT
Central Sales Tax Act, 1956	Claim of sales tax deferral for the period prior to the existence of scheme and Non consideration of C and F Form by the Sales Tax Department	16.88	-	2004-05	Joint Commissioner of Sales Tax (Appeal), Nagpur
	Short payment of the sales tax	4.45	-	2011-12	Joint commissioner of Sales Tax(Appeal),Nagpur
Income Tax Act, 1961	Disallowance of Expenses	274.23	-	Assessment year 2007-08 to 2014-15	Commissioner of Income Tax (Appeal)
	Interest on Late payment and short deduction of TDS	48.00	-	Assessment year 2007-08 to 2014-15	Assistant commissioner of Income Tax

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion, the term loans 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 accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Walker Chandio & Co LLP
(Formerly Walker, Chandio & Co)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

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

Place : Nagpur
Date : 1 September 2016

Annexure B to the Independent Auditor's Report of even date to the members of Zim Laboratories Limited on the standalone financial statements for the year ended 31 st March 2016.

Annexure B

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

1. In conjunction with our audit of the standalone financial statements of Zim Laboratories Limited ("the Company") as at and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting ("IFCoFR") of the Company as at that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Meaning of Internal Financial Controls over Financial Reporting

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

Annexure B to the Independent Auditor's Report of even date to the members of Zim Laboratories Limited on the standalone financial statements for the year ended 31 st March 2016.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

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

Place: Nagpur
Date: 1 September 2016

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Zim Laboratories Limited Balance Sheet as at 31 March 2016

	Notes	As at 31-03-2016	As at 31-03-2015
		Rs. lacs	Rs. lacs
Equity and liabilities			
Shareholder's funds			
Share capital	3	799.85	799.85
Reserves and surplus	4	9,042.75	8,625.14
		9,842.60	9,424.99
Non-current liabilities			
Long-term borrowings	5	3,475.11	3,758.78
Deferred tax liabilities (net)	6	-	-
		3,475.11	3,758.78
Current liabilities			
Short-term borrowings	7	5,629.99	5,141.59
Trade payables			
Outstanding dues to micro and small enterprises	8	-	-
Outstanding dues to other than micro and small enterprises	8	4,696.51	6,411.53
Other current liabilities	9	1,723.37	1,708.15
Short-term provisions	10	247.25	55.86
		12,297.12	13,317.13
Total		25,614.83	26,500.90
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	9,064.95	8,511.88
Intangible assets	11	154.31	198.97
Capital work-in-progress		293.25	562.42
Non-current investments	12	9.13	9.13
Long-term loans and advances	13	638.83	371.75
Other non current assets	17	45.64	21.74
		10,206.11	9,675.89
Current assets			
Inventories	14	3,771.89	4,609.90
Trade receivables	15	8,853.13	8,128.76
Cash and bank balances	16	635.87	754.35
Short-term loans and advances	13	2,088.89	3,326.17
Other current assets	17	58.94	5.83
		15,408.72	16,825.01
Total		25,614.83	26,500.90

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of financial statements.

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

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

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

Place: Nagpur
Date: 1 September 2016

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

Anwar S. Daud
Managing Director

Place: Nagpur
Date: 1 September 2016

Zulfikar M. Kamal
Director & CFO

R.A. Parasuraman
Company Secretary

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Zim Laboratories Limited Statement of Profit and Loss for the year ended 31 March 2016

	Notes	Year ended 31-03-2016	Year ended 31-03-2015
		Rs. lacs	Rs. lacs
Income			
Revenue from operations (gross)	18	27,640.72	27,509.42
Less: Excise duty		812.71	876.39
Revenue from operations (net)		26,828.01	26,633.03
Other income	19	390.77	248.25
Total revenue		27,218.78	26,881.28
Expenses			
Cost of materials consumed	20	14,304.54	15,626.75
Purchase of stock in trade	21	1,289.52	2,409.16
Changes in inventories of finished goods and work-in-progress	22	130.73	134.35
Employee benefits expense	23	3,070.01	2,325.57
Finance costs	24	1,365.32	1,032.55
Depreciation and amortisation expense	25	875.69	712.90
Other expenses	26	5,108.91	3,994.65
Total expenses		26,144.72	26,235.93
Profit before exceptional item and tax		1,074.06	645.35
Exceptional items	27	(533.03)	(3,301.88)
Profit / (loss) before tax		541.03	(2,656.53)
Tax expenses			
Current Tax - Minimum Alternate Tax payable (net of an adjustment of Rs.33.90 lacs pertaining to Previous years (31 March 2015 : Rs. 9.38 lacs))		(197.28)	(121.22)
Less: Minimum alternative tax credit entitlement		170.80	130.60
Net Current Tax (Expense)/Credit		(26.48)	9.38
Deferred Tax (Expense)/Income		-	490.33
Total tax (expense)/Credit		(26.48)	499.71
Profit/(Loss) for the year		514.55	(2,156.82)
Earning per share (nominal value of share Rs. 10 (31 March 2015: Rs. 10))	29		
Basic (In Rs.)		6.43	(26.97)
Diluted (In Rs.)		6.34	(26.97)
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of financial statements.

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

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

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

Place: Nagpur
Date: 1 September 2016

For and on behalf of the board of directors of

Zim Laboratories Limited

Anwar S. Daud
Managing Director

Zulfiqar M. Kamal
Director & CFO

Place: Nagpur
Date: 1 September 2016

R.A. Parasuraman
Company Secretary

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Zim Laboratories Limited Cash flow statement for the year ended 31 March 2016

	Year ended 31- 03-2016	Year ended 31-03-2015
	Rs. lacs	Rs. lacs
Cash flow from operating activities		
Profit/ (loss) before tax	541.03	(2,656.53)
Depreciation and amortisation expense	875.69	712.90
Loss on sale of fixed assets (net)	60.04	(0.10)
Fixed Assets Written off	24.75	23.09
Unrealized Foreign Exchange (Gain)/Loss	(19.70)	105.19
Premium on forward exchange contract amortised	4.03	1.07
Provision for doubtful debts (net) (Exceptional item)	398.98	3,022.22
Provision for doubtful advances (net) (Exceptional item)	134.05	279.66
Provision for employee benefits	3.85	(13.40)
Dividend income on investments	(0.60)	(0.60)
Interest income	(45.83)	(50.50)
Finance costs	1,365.32	1,032.55
Operating profit before working capital changes	3,341.61	2,455.55
Movement in working capital :		
Increase/(decrease) in trade payables	(1,713.60)	1,749.10
Increase/(decrease) in other current liabilities	(18.87)	370.52
(decrease) in short-term provisions	(4.07)	(16.34)
(Increase) in long term loans and advances	(106.12)	(105.84)
(Increase)/decrease in inventories	838.01	(1,495.99)
(Increase) in trade receivables	(1,118.88)	(1,247.58)
(Increase)/decrease in short term loans and advances	1,103.23	(960.98)
(Increase)/decrease in other current assets	(2.16)	(3.56)
Net Cash generated from operations	2,319.15	744.88
Direct taxes paid (net of refunds)	(114.16)	(196.65)
Net cash flow from operating activities (A)	2,204.99	548.23
Cash flows from investing activities		
Purchases of fixed assets, including Capital work-in-progress and capital advances	(1,315.67)	(1,492.70)
Proceeds from Sale of fixed assets	4.51	0.89
(Purchase) of non-current investment	-	(4.03)
Investments in bank deposits (having original maturity of more than three months)	(307.20)	(174.11)
Maturity of bank deposits (having original maturity of more than three months)	398.39	746.89
Interest received	45.96	58.53
Dividend received	0.60	0.60
Net cash (used in) investing activities (B)	(1,173.41)	(863.93)
Cash flows from financing activities		
Proceeds from long term borrowings	10.00	17.31
(Repayment) of long term borrowings	(387.37)	(358.20)
Proceeds from short term borrowings	1372.94	1,367.68
(Repayment) of short term borrowings	(870.73)	(242.83)
Finance costs paid	(1,158.87)	(1,037.01)
Dividend paid on equity shares	-	(79.99)
Tax on equity dividend paid	(0.67)	(16.38)
Net cash from / (used) financing activities (C)	(1,034.70)	(349.42)
Net (decrease) in cash and cash equivalents (A+B+C)	(3.12)	(665.12)
Opening cash and cash equivalents	74.02	739.14
Cash and Cash equivalents as at the end	70.90	74.02
Components of cash and cash equivalents	31-Mar-16	31-Mar-15
Cash on hand	8.13	1.67
Balances with banks in:		
- Current accounts	62.77	72.35
Total Cash and cash equivalents (refer note 16)	70.90	74.02

Note:

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

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

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

per **Adi P. Sethna**
Partner
Membership No.: 108840
Place: Nagpur
Date: 1 September 2016

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

Anwar S. Daud
Managing Director

Place: Nagpur
Date: 1 September 2016

Zulfiqar M. Kamal
Director & CFO

R.A. Parasuraman
Company Secretary

Zim Laboratories Limited**Significant accounting policies and other explanatory information for the year ended 31 March 2016****1. Corporate information**

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

2. Basis of Preparation

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

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

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

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

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

b. Tangible fixed assets and Capital Work in progress

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

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

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day

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repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

c. Depreciation on tangible fixed assets

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

d. Intangible assets

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

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

e. Research and development costs

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

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

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

f. Leases

Where the company is lessee

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

g. Borrowing costs

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

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

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The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication of impairment exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

i. Government grants and subsidies

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

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

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

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

j. Investments

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

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

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

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

k. Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down

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below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

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

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

I. Revenue recognition

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

Sale of goods

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

Interest

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

Income from services

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

Dividend

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

m. Foreign currency translation*Foreign currency transactions and balances*

- (i) **Initial recognition**
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- (ii) **Conversion**
Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost

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

(iii) Exchange differences

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

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

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

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

n. Retirement and other employee benefits

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

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

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

o. Taxation

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

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

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

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

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

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

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

p. Segment reporting*Identification of segments*

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

Segment accounting policies

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

q. Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted

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for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

r. Provisions

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

s. Contingent liabilities

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

t. Cash and cash equivalents

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

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3. Share capital

Authorised share Capital

1,10,00,000 (31 March 2015: 1,10,00,000) equity shares of Rs. 10 each

Issued, subscribed and fully paid-up shares

79,98,520 (31 March 2015: 79,98,520) equity shares of Rs. 10 each fully paid up

Total issued, subscribed and fully paid-up share capital

As at 31-03-2016	As at 31-03-2015
Rs. lacs	Rs. lacs
1,100.00	1,100.00
799.85	799.85
799.85	799.85

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

Equity Shares

	As at 31-03-2016		As at 31-03-2015	
	Number	Rs. lacs	Number	Rs. lacs
At the beginning of the period	7,998,520	799.85	7,998,520	799.85
Issued during the period	-	-	-	-
Outstanding at the end of the period	7,998,520.00	799.85	7,998,520.00	799.85

(b) Terms/rights attached to equity shares

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

During the year ended 31 March 2016, the amount of dividend per share is Re. 1 (31 March 2015-Rs. Nil)

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

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

	As at 31-03-2016		As at 31-03-2015	
Name of Shareholder	Number	% holding in the class	Number	% holding in the class
AA Development Capital India Fund 1, LLC	1,782,652	22.29%	1,782,652	22.29%
Anwar Daud*	2,222,720	27.79%	2,313,720	28.93%
Zakir Vali#	1,424,570	17.81%	1,910,570	23.89%
Zulfiqar M. Kamal	199,010	2.49%	497,010	6.21%

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

50 shares are jointly held with Zia Vali and Faiz Vali

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

4. Reserves and surplus

	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs
Capital reserve	40.00	40.00
Securities premium	4,761.16	4,761.16
General reserve	106.20	106.20
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	3,717.78	5,895.42
Profit / (Loss) for the year	514.55	(2,156.82)
Less: Appropriations		
Proposed final equity dividend Re. 1 per share(31 March 2015: Nil)	79.99	-
Tax on proposed equity dividend (includes adjustment of earlier years of Rs 0.67 lacs (31 March 2015: Rs.3.40 lacs)	16.95	3.40
Adjustment relating to Fixed Assets (refer note 11)	-	17.42
Total appropriations	96.94	20.82
Net surplus in the Statement of Profit and Loss	4,135.39	3,717.78
Total reserves and surplus	9,042.75	8,625.14

5. Long-term borrowings

	Non-current		Current	
	As at 31-03-2016	As at 31-03-2015	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
Secured				
Term Loans from banks				
- Indian rupee loan	480.72	566.40	84.81	121.77
- Foreign currency loan from banks/ External commercial borrowings (ECB)	2,910.53	3,110.21	385.50	244.53
- Vehicle Loan	6.94	-	3.06	-
Unsecured				
Loan from Department of Scientific and Industrial Research (DSIR), Government of India	39.60	39.60	13.20	32.71
Deferred sales tax loan	37.32	42.57	5.26	0.71
Current maturities disclosed under the head "Other current liabilities" (refer note 9)	-	-	(491.83)	(399.72)
	3,475.11	3,758.78	-	-

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- (a) Indian rupee loans from consortium members are secured by way of first charge on all present and future fixed assets including Land & Building, Plant & Machinery and second charge on all current assets on pari passu basis with lead banker & other members under consortium arrangement. The loans are also secured by personal guarantee of managing director. The loan taken from the lead banker Rs. Nil (31 March 2015: Rs 49.55 lacs) was repayable during March 2013 to September 2015 in 29 equal monthly installments of Rs 9.55 lacs with an interest rate of Base rate plus 3.85% p.a. [effective interest rate of 13.80% (31 March 2015: 14.35%)]. The borrowings made from a member bank of Rs 565.53 lacs (31 March 2015: Rs 638.62 lacs) are repayable in 84 equated monthly installments, commenced from April 2014, of Rs. 13.31 lacs each. The applicable interest rate on this loan is PLR less 3% p.a. (effective interest rate of 14.50% (31 March 2015: 14.50%).
- (b) Foreign currency loan (ECB-I) of Rs. 1,562 lacs (31 March 2015: 1,664 lacs) from bank carries interest rate of 3 Month LIBOR plus 5% p.a. (effective interest rate of 5.62% (31 March 2015: 5.23 %) which is repayable from May 2013 to May 2019 in half yearly installments ranging from Rs. 41.89 lacs to Rs. 302.32 lacs. The loan availed in November 2013 (ECB-II) of Rs. 1,734 lacs (31 March 2015: 1,690.62 lacs) having interest rate of 7.80% p.a is repayable from November 2014 to November 2020 in half yearly installments ranging from Rs. 16.69 lacs to Rs. 454.30 lacs..
- The loans are secured by the first charge on entire fixed assets of the Company both present & future and second charge on entire current assets of the Company on pari-passu basis with other consortium members. Loans are also secured by personal guarantee of managing director.
- (c) Vehicle Loan having interest rate of 9.65% p.a is repayable from April 2016 to March 2019 in thirty six equal monthly instalments of Rs 0.32 lacs each. The vehicle loans are secured against hypothecation of respective vehicle .
- (d) Loan from DSIR is repayable after 36 months from the date of first sanction i.e. 18th October 2011, in five yearly equal instalments of Rs 17.16 lacs. The Company shall pay royalty of 26% of the amount disbursed i.e. repayment shall be 1.30 times of the amount actually disbursed by DSIR.
- (e) Deferred sales tax loan pertains to interest free tax liability under the packing incentive scheme for the year 2004-05, 2005-06 and 2006-07 and is payable in 5 yearly installments having commencement from financial year 2015-16, 2016-17 and 2017-18 respectively. The instalment amount is ranging from Rs 0.71 lacs to Rs 3.40 lacs.

6. Deferred tax liabilities (Net)

	As at 31-03-2016 Rs. lacs	As at 31-03-2015 Rs. lacs
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	950.92	773.17
Others	-	19.22
Gross deferred tax liabilities	950.92	792.39
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	84.51	61.47
Provision for employee benefits	9.60	7.90
Provision for doubtful debts and advances	1,419.61	1,180.00
Gross deferred tax assets	1,513.72	1,249.37
Deferred tax assets restricted#	950.92	792.39
	-	-

In the absence of reasonable certainty, Deferred tax assets is recognised only to the extent of deferred tax liability.

7. Short term borrowings

	As at 31-03-2016 Rs. lacs	As at 31-03-2015 Rs. lacs
Secured		
- From Banks, repayable on demand		
- Cash credit, packing credit facilities (refer note a and b)	5,153.97	4,993.14
- Buyer's Credit	214.50	106.91
From other body corporate	261.52	41.54
	5,629.99	5,141.59

- (a) Cash credit from banks are secured by the first charge on all current assets both present and future and second charge on all the fixed assets of the Company both present and future on pari passu basis with other consortium members. The interest rate on cash credit facility from lead banker & other banks is Base Rate plus 3.35% p.a. & PLR minus 3% p.a. respectively. The loans are secured by personal guarantee of Managing Director.
- (b) Packing credit in foreign currency and post shipment credit Rs. 673.68 lacs (31 March 2015: Nil) in foreign currency from bank are secured by the first charge on all current assets both present and future and second charge on all the fixed assets of the Company both present and future on pari passu basis with other consortium members. The interest rate on packing credit and post shipment credit facility from bank is Base Rate plus 1% p.a. and LIBOR plus 2.3% p.a. respectively. The loans are secured by personal guarantee of Managing Director.
- (c) Company has availed of import financing facility under the buyer's credit scheme. The maximum repayment period is one year from the date of drawdown. Buyer's credit facility is towards import of fixed assets. Interest is charged @ LIBOR plus mark-up payable at maturity. The facility is fully secured alongwith cash credit facilities from banks.
- (d) Short term loan from body corporate is secured by bank guarantee having initial repayment period of 90 Days against each purchase at rate of interest of 12.50% p.a. (12.95% upto June 2015 and thereafter 12.70% up to December 2015).

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8. Trade payables

Outstanding dues to micro and small enterprises (refer note 38)
Outstanding dues to other than micro and small enterprises
 For goods
 For expenses

As at 31-03-2016	As at 31-03-2015
Rs. lacs	Rs. lacs
-	-
3,030.29	5,098.26
1,666.22	1,313.27
4,696.51	6,411.53

9. Other current liabilities

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

As at 31-03-2016	As at 31-03-2015
Rs. lacs	Rs. lacs
491.83	399.72
71.17	62.76
150.04	216.21
364.87	675.81
159.85	114.79
20.95	21.22
127.57	-
287.91	152.60
49.18	65.04
1,723.37	1,708.15

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

10. Short-term provisions

Provision for employee benefits
 Provision for gratuity (refer note 30 (a))
 Provision for leave entitlement
Other Provisions
 Provision for income tax (net of advance tax of Rs. 120.85 lacs (31 March 2015 Rs. 105.60 lacs))
 Proposed equity dividend
 Provision for tax on proposed equity dividend

As at 31-03-2016	As at 31-03-2015
Rs. lacs	Rs. lacs
21.76	27.96
5.98	-
123.24	27.90
79.99	-
16.28	-
247.25	55.86

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11. Tangible and Intangible assets	(Rt. lacs)						
	Freehold Land	Leasehold Land (refer note 4)	Buildings (refer notes 2 and 3)	Plant and Machinery	Tangible assets Electric Installation	Furniture and Fixtures	Office Equipments
Cost							
At 1 April 2014	27.63	374.57	3,296.18	4,075.96	143.32	473.10	108.34
Additions	61.76	-	483.18	1,208.26	57.38	192.95	41.49
Disposals	-	-	52.43	64.96	8.29	12.42	27.33
At 31 March 2015	89.39	374.57	3,726.93	5,219.26	198.41	653.63	120.50
Additions	-	289.15	446.89	522.74	2.37	194.04	51.03
Adjustment*	-	53.11	-	180.39	-	-	-
Disposals	-	-	-	-	-	-	-
At 31 March 2016	89.39	608.61	4,175.82	5,561.01	200.78	847.67	171.53
Depreciation/Amortisation							
At 1 April 2014	-	9.89	321.82	801.40	17.95	182.02	40.08
Charge for the year	-	3.79	136.46	426.13	20.96	53.22	33.59
Disposals	-	-	2.73	39.37	5.05	10.58	18.31
At 31 March 2015	-	13.68	455.55	1,188.16	33.86	204.66	55.36
Charge for the year	-	4.66	152.79	517.30	21.25	77.97	36.96
Adjustment*	-	-	-	93.69	-	-	-
Disposals	-	-	-	-	-	-	-
At 31 March 2016	-	18.34	608.34	1,611.77	55.11	282.63	92.32
Net Book							
At 31 March 2016	89.39	590.27	3,571.48	3,949.24	145.67	565.04	79.21
At 31 March 2015	89.39	360.89	3,277.38	4,031.10	164.55	448.97	65.14
1 The borrowing cost capitalised during the year ended 31 March 2016 was Rt. Nil (31 March 2015: 66.83 lacs).							
2 Building includes those constructed on leasehold land:							
Gross Block							
At 31 March 2016	89.39	590.27	3,571.48	3,949.24	145.67	565.04	79.21
At 31 March 2015	89.39	360.89	3,277.38	4,031.10	164.55	448.97	65.14
Depreciation charged during the year							
At 31 March 2016	-	-	-	-	-	-	-
At 31 March 2015	-	-	-	-	-	-	-
Accumulated depreciation							
At 31 March 2016	-	-	-	-	-	-	-
At 31 March 2015	-	-	-	-	-	-	-
Net Book Value							
At 31 March 2016	89.39	590.27	3,571.48	3,949.24	145.67	565.04	79.21
At 31 March 2015	89.39	360.89	3,277.38	4,031.10	164.55	448.97	65.14
3 Building includes those constructed on leasehold land but title not transferred in the name of the Company till date.							
Gross Block							
At 31 March 2016	89.39	590.27	3,571.48	3,949.24	145.67	565.04	79.21
At 31 March 2015	89.39	360.89	3,277.38	4,031.10	164.55	448.97	65.14
Depreciation charged during the year							
At 31 March 2016	-	-	-	-	-	-	-
At 31 March 2015	-	-	-	-	-	-	-
Accumulated depreciation							
At 31 March 2016	-	-	-	-	-	-	-
At 31 March 2015	-	-	-	-	-	-	-
Net Book Value							
At 31 March 2016	89.39	590.27	3,571.48	3,949.24	145.67	565.04	79.21
At 31 March 2015	89.39	360.89	3,277.38	4,031.10	164.55	448.97	65.14
4 Leasehold land for which title has not transferred in the name of the Company till date.							
Gross Block							
At 31 March 2016	89.39	590.27	3,571.48	3,949.24	145.67	565.04	79.21
At 31 March 2015	89.39	360.89	3,277.38	4,031.10	164.55	448.97	65.14
Depreciation charged during the year							
At 31 March 2016	-	-	-	-	-	-	-
At 31 March 2015	-	-	-	-	-	-	-
Accumulated depreciation							
At 31 March 2016	-	-	-	-	-	-	-
At 31 March 2015	-	-	-	-	-	-	-
Net Book Value							
At 31 March 2016	89.39	590.27	3,571.48	3,949.24	145.67	565.04	79.21
At 31 March 2015	89.39	360.89	3,277.38	4,031.10	164.55	448.97	65.14
5 Vehicles includes vehicles in the personal name of directors & employees having Gross Block Rs.82.30 lacs and WDV Rs.46.23 lacs (31st March 2015 - Gross Block Rs. 65.04 lacs and WDV Rs. 40.78 lacs)							
Gross Block							
At 31 March 2016	89.39	590.27	3,571.48	3,949.24	145.67	565.04	79.21
At 31 March 2015	89.39	360.89	3,277.38	4,031.10	164.55	448.97	65.14
Depreciation charged during the year							
At 31 March 2016	-	-	-	-	-	-	-
At 31 March 2015	-	-	-	-	-	-	-
Accumulated depreciation							
At 31 March 2016	-	-	-	-	-	-	-
At 31 March 2015	-	-	-	-	-	-	-
Net Book Value							
At 31 March 2016	89.39	590.27	3,571.48	3,949.24	145.67	565.04	79.21
At 31 March 2015	89.39	360.89	3,277.38	4,031.10	164.55	448.97	65.14
6 Reconciliation of depreciation:							
Charge for the year as above							
At 31 March 2016	-	-	-	-	-	-	-
At 31 March 2015	-	-	-	-	-	-	-
Depreciation capitalised for fixed assets used for the year							
At 31 March 2016	-	-	-	-	-	-	-
At 31 March 2015	-	-	-	-	-	-	-
Depreciation and amortisation charged for the year							
At 31 March 2016	-	-	-	-	-	-	-
At 31 March 2015	-	-	-	-	-	-	-
Net Book Value							
At 31 March 2016	89.39	590.27	3,571.48	3,949.24	145.67	565.04	79.21
At 31 March 2015	89.39	360.89	3,277.38	4,031.10	164.55	448.97	65.14
7 Pursuant to the enactment of Companies Act 2013, the Company has applied the estimated useful lives as specified in Schedule II. Accordingly the unamortised carrying value is being depreciated / amortised over the revised/remaining useful lives. During the previous year, the written down value of Fixed Assets whose lives has expired as at 1 April 2014 have been adjusted net of tax of Rs.9 lacs in retained earnings amounting to Rs. 17.42 lacs.							
8 * Represents assets held for sale classified under other current assets.							

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12. Non current investments (valued at cost unless stated otherwise) (Unquoted)	As at 31-03-2016		As at 31-03-2015	
	Rs. lacs		Rs. lacs	
Trade Investments				
Investment in Subsidiary Company				
25 (31 March 2015: 25) equity shares of AED 1000 each fully paid-up in Zim Laboratories FZE,UAE		4.03		4.03
Investment in equity instruments				
20,000 (31 March 2015: 20,000) equity shares of Rs. 25 each fully paid-up in Shamrao Vithal co-operative Bank Limited		5.00		5.00
Other Investments				
Government securities				
National Saving Certificate		0.10		0.10
		9.13		9.13

13. Loans and advances (Unsecured, considered good unless otherwise stated)	Long-term		Short-term	
	As at 31-03-2016	As at 31-03-2015	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
Advances recoverable in cash or kind				
Considered good	-	-	712.60	1,753.62
Considered doubtful	-	-	413.71	279.66
	-	-	1,126.31	2,033.28
Less: Provision for doubtful advances	-	-	(413.71)	(279.66)
	-	-	712.60	1,753.62
Earnest Money and security deposits				
	82.05	74.78	123.46	87.32
Capital advances				
	8.79	18.63	-	-
Advances to related parties (refer note 37)				
	-	-	14.28	17.84
Leave benefits				
	-	-	-	4.08
Prepaid expenses				
	2.61	6.15	61.02	39.63
Loans to employees				
	-	-	6.44	3.70
Balance with statutory/government authorities				
	101.72	-	1,171.09	1,419.98
Minimum Alternative Tax credit entitlement				
	443.66	272.19	-	-
	638.83	371.75	2,088.89	3,326.17

Advances to related parties include:	Short-term	
	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs
Advances to Managing Director and Executive Director	14.28	17.84
	14.28	17.84

14. Inventories (Valued at lower of cost and net realizable value)	As at 31-03-2016		As at 31-03-2015	
	Rs. lacs		Rs. lacs	
Raw materials and packing materials [includes in transit - Rs.184.21 lacs (31 March 2015 : Rs.140.21lacs)]	2,266.19		2,975.84	
Work-in-progress	550.58		677.03	
Finished goods [includes in transit - Rs. 56.06 lacs (31 March 2015 : Nil)]	906.49		910.77	
Stores and spares	48.63		46.26	
	3,771.89		4,609.90	

15. Trade receivables (Unsecured, considered good unless otherwise stated)	As at 31-03-2016		As at 31-03-2015	
	Rs. lacs		Rs. lacs	
Outstanding for more than six months from the date they are due for payment				
Considered good	2,634.50		2,033.43	
Considered doubtful	3,688.28		570.62	
Other receivables				
Considered good	6,218.63		6,095.33	
Considered doubtful	-		2,718.68	
	12,541.41		11,418.06	
Less: Provision for doubtful debts	(3,688.28)		(3,289.30)	
	8,853.13		8,128.76	

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16. Cash and Bank Balances	Non-Current		Current	
	As at 31-03-2016	As at 31-03-2015	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
Cash and cash equivalents				
Cash on hand	-	-	8.13	1.67
Balances with banks in:				
- Current accounts	-	-	62.77	72.35
	-	-	70.90	74.02
Other Bank Balances				
Unclaimed dividend account	-	-	20.95	21.22
Margin money deposits*	45.64	21.74	544.02	654.11
Fixed deposits with original maturity for more than 12 months	-	-	-	5.00
	45.64	21.74	564.97	680.33
Amount disclosed under non-current assets (refer note 17)	(45.64)	(21.74)	-	-
	-	-	635.87	754.35
*Margin money deposits are subject to first charge to secure Company's cash credit borrowings and other non fund base limits.				
17. Other assets	Non-Current		Current	
	As at 31-03-2016	As at 31-03-2015	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
(Unsecured, considered good unless stated otherwise)				
Non-current bank balances (refer note 16)	45.64	21.74	-	-
Unamortised Premium on Forward Contracts	-	-	0.62	2.49
Assets held for sale	-	-	55.11	-
Others				
Interest accrued on fixed deposits	-	-	3.21	3.34
	45.64	21.74	58.94	5.83
18. Revenue from operations			Year ended	Year ended
			31-03-2016	31-03-2015
			Rs. lacs	Rs. lacs
Sales of products				
Finished goods			25,765.90	24,415.46
Stock in trade			1,419.51	2,642.20
Other operating revenue			455.31	451.76
			27,640.72	27,509.42
Less: Excise duty			812.71	876.39
			26,828.01	26,633.03
Details of product sold				
Finished goods				
Tablets			11,113.68	13,306.23
Capsules			3,021.82	2,673.55
Pre formulation ingredients			11,630.40	8,435.68
			25,765.90	24,415.46
Stock in trade				
Tablets			573.36	-
Capsules			85.42	-
Bulk Drugs			760.73	2,642.20
			1,419.51	2,642.20
Other operating revenue				
Export incentives			421.65	326.11
Scrap Sales			15.27	53.68
Sale of dossiers			-	70.68
Others			18.39	1.29
			455.31	451.76
19. Other income			Year ended	Year ended
			31-03-2016	31-03-2015
			Rs. lacs	Rs. lacs
Interest income on				
Fixed deposits			45.83	50.50
Others			3.47	6.53
Dividend income on investments			0.60	0.60
Exchange rate difference (net)			182.32	70.64
Other non-operating income			158.55	119.98
			390.77	248.25
20. Cost of materials consumed			Year ended	Year ended
			31-03-2016	31-03-2015
			Rs. lacs	Rs. lacs
Inventory at the beginning of year			2,975.84	1,339.85
Add: Purchases			13,594.89	17,262.74
			16,570.73	18,602.59
Less: Inventory at the end of year			2,266.19	2,975.84
Cost of materials consumed			14,304.54	15,626.75

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Details of raw material and components consumed

Drugs	4,413.41	4,343.01
Antibiotics	5,732.94	7,014.72
Packing materials	1,901.51	1,966.60
EHG capsules	415.58	340.71
Vitamins	167.28	248.92
Others	1,673.82	1,712.79
	<u>14,304.54</u>	<u>15,626.75</u>

Details of inventory

Drugs	669.90	683.09
Antibiotics	958.15	1,373.65
Packing materials	281.35	425.27
EHG capsules	43.16	67.36
Vitamins	24.16	34.74
Others	289.47	391.73
	<u>2,266.19</u>	<u>2,975.84</u>

21. Purchase of Stock in trade

Bulk Drugs	1,289.52	2,409.16
	<u>1,289.52</u>	<u>2,409.16</u>

22. Changes in inventories of finished goods and work in progress

	Year ended 31-03-2016	Year ended 31-03-2015
Inventories at the end of the year	Rs. lacs	Rs. lacs
Finished goods	906.49	910.77
Work in progress	550.58	677.03
	<u>1,457.07</u>	<u>1,587.80</u>
Inventories at the beginning of the year		
Finished goods	910.77	901.58
Work in progress	677.03	820.57
	<u>1,587.80</u>	<u>1,722.15</u>
	<u>130.73</u>	<u>134.35</u>

Details of inventory

Finished goods	410.60	448.16
Tablets	124.50	95.55
Capsules	371.39	367.06
Pre formulation ingredients	<u>906.49</u>	<u>910.77</u>

Work in progress

Tablets	331.64	407.13
Capsules	56.96	38.27
Pre formulation ingredients	161.98	231.63
	<u>550.58</u>	<u>677.03</u>

23. Employee benefits expense

	Year ended 31-03-2016	Year ended 31-03-2015
Salaries, wages and bonus	Rs. lacs	Rs. lacs
Contribution to provident and other funds	2,849.81	2,162.26
Gratuity expense (refer note 30(a))	89.41	66.33
Staff welfare expenses	42.46	18.52
	<u>88.33</u>	<u>78.46</u>
	<u>3,070.01</u>	<u>2,325.57</u>

24. Finance costs

	Year ended 31-03-2016	Year ended 31-03-2015
Interest	Rs. lacs	Rs. lacs
Banks	1,049.61	855.79
Others	33.98	4.15
Net (gain)/loss on foreign currency transactions and translation	198.90	110.21
Other borrowing costs	70.45	55.03
Interest on delayed payment of income tax	12.38	7.37
	<u>1,365.32</u>	<u>1,032.55</u>

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25. Depreciation and amortisation expenses

Depreciation of tangible assets (refer note 11)
Amortisation of intangible assets (refer note 11)

Year ended 31-03-2016	Year ended 31-03-2015
Rs. lacs	Rs. lacs
829.25	688.50
46.44	24.40
875.69	712.90

26. Other Expenses

Consumption of stores and spares
Power and fuel
Water charges
Insurance
Increase/(decrease) of excise duty on inventory
Repairs and maintenance
Machines
Buildings
Others
Printing & stationery
Communication costs
Legal and professional fees
Payment to auditors (Refer details below)
Advertisement & sales promotion
Travelling and conveyance
Commission on sales
Freight and forwarding charges
Bad debts/ advances written off
Rates and taxes
Fixed Assets Written off
Loss on sale of fixed assets (net)
Rent
Premium on forward exchange contract amortised
Laboratories Expenses
Corporate social responsibility expenses (refer note 44)
Miscellaneous expenses

Year ended 31-03-2016	Year ended 31-03-2015
Rs. lacs	Rs. lacs
65.00	113.20
628.45	622.95
11.74	9.55
22.00	15.53
24.00	(19.25)
203.07	233.26
72.05	77.14
78.52	70.21
38.75	37.16
32.63	26.34
365.05	210.54
30.00	21.12
142.49	42.23
214.78	197.27
1,560.55	1,176.14
500.73	451.54
41.33	29.30
146.96	103.48
24.75	17.00
60.04	-
6.00	6.00
4.03	1.07
306.14	224.49
4.00	-
525.85	328.38
5,108.91	3,994.65

Payment to auditor

As auditor:
Audit fee
Fee for opinion on Internal financial control over financial reporting
In other capacity:
Other services (certification fees)
Reimbursement of expenses

Year ended 31-03-2016	Year ended 31-03-2015
Rs. lacs	Rs. lacs
22.00	19.00
8.00	-
-	1.18
-	0.94
30.00	21.12

27. Exceptional items

Provision for doubtful debts (net) (refer note a)
Provision for doubtful advances (net) (refer note b)

Year ended 31-03-2016	Year ended 31-03-2015
Rs. lacs	Rs. lacs
398.98	3,022.22
134.05	279.66
533.03	3,301.88

a The Company's domestic business comprises of mainly supply to government through direct tender and institutional business (both corporation & government), routed via agents, through local tender. For the institutional business, agents and distributors procure orders for the Company's products, through various local tenders and source the same from the Company. During the year ended 31 March 2015, some of the traders and distributors associated with such agents had either wound up their business or have failed to pay their outstanding amounts due to the Company. As a result, the Company had decided to close this indirect business through agents / distributors and take legal action to recover/settle the outstanding receivables from these agents, traders and distributors during the previous year. In light of this development, the Company, during the year ended 31 March 2015, had decided to make a provision on prudent basis of indirect local tender business receivables due & which were doubtful. However, with its subsequent efforts for recovery of the outstanding balances, the Company has been successful in recovering an amount of Rs. 460 lacs during the year ended 31 March 2016.

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b During the earlier years, the Company had made certain advances towards promotion and creation of general awareness for one of its product. Since the expected response for the product was not in line with historical demand, the Company decided to make a provision on prudent basis in respect of these doubtful advances. However, the Company is still in discussion with the concerned party for recovery of these advances.

28 Capitalisation of expenditure

The Company has capitalised the following expenses of revenue nature to the cost of capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

	Year ended 31-03-2016	Year ended 31-03-2015
	Rs. lacs	Rs. lacs
Salaries, wages and bonus	-	8.60
Finance costs	-	66.83
Other expenses	-	47.28
	<u>-</u>	<u>122.71</u>

29 Earning per share (EPS)

	Year ended 31-03-2016	Year ended 31-03-2015
	Rs. lacs	Rs. lacs
Total operations for the year		
Profit/ (loss) after tax	514.55	(2,156.82)
Net profit/ (loss) for calculation of basic and diluted EPS	514.55	(2,156.82)
Weighted average number of equity shares in calculating basic EPS	7,998,520	7,998,520
Weighted average number of equity shares in calculating diluted EPS	8,111,388	7,998,520
Basic Earning Per Share (Rs.)	6.43	(26.97)
Diluted Earning Per Share (Rs.)	6.34	(26.97)

30 Employee Benefit - General Description of Defined Benefit Plan

a - Gratuity

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

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

I. Expenses recognised in Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost:

	Gratuity	
	Year ended 31-03-2016	Year ended 31-03-2015
	Rs. lacs	Rs. lacs
Current service cost	16.75	11.98
Interest cost on benefit obligation	11.88	11.47
Expected return on plan assets	(9.63)	(7.68)
Net actuarial(gain)/loss in the year	22.60	1.62
Net benefit expenses	<u>41.60</u>	<u>17.39</u>

II. Actual return on plan assets

10.55 8.05

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III. Amount recognised in Balance sheet

Benefit asset/liability

	Gratuity	
	As at	As at
	31-03-2016	31-03-2015
	Rs. lacs	Rs. lacs
Present value of defined benefit obligation	198.00	147.72
Fair value of plan assets	176.24	119.76
Net Plan (asset) / liability recognised in Balance sheet	21.76	27.96

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

	Gratuity	
	Year ended	Year ended
	31-03-2016	31-03-2015
	Rs. lacs	Rs. lacs
Opening defined benefit obligation	147.72	125.54
Current service cost	16.75	11.98
Interest cost	11.88	11.47
Benefit paid	(0.86)	(4.34)
Actuarial(gains)/losses on obligation	22.51	3.07
	198.00	147.72

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

	Gratuity	
	Year ended	Year ended
	31-03-2016	31-03-2015
	Rs. lacs	Rs. lacs
Opening fair value of plan assets	119.76	88.25
Expected return	9.63	7.68
Contribution by employer	46.94	23.07
Benefit paid	-	(0.69)
Actuarial gain/(losses)	(0.09)	1.45
Closing fair value of plan assets	176.24	119.76

The Company expects to contribute Rs.42.73 lacs to gratuity in the next year (31 March 2015: 44.71 lacs).

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

	As at	As at
	31-03-2016	31-03-2015
	Rs. lacs	Rs. lacs
Investments with insurer (Insurer managed funds)	100%	100%

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

	Gratuity	
	31-03-2016	31-03-2015
Discount rate	7.84%	8.04%
Expected rate of return on assets	7.84%	8.04%
Salary escalation	5.00%	5.00%
Attrition rate	14.64%	13.79%
Mortality	Indian assured lives mortality (2006-08) ultimate	Indian assured lives mortality (2006-08) ultimate
Retirement age (years)	60 & 65	60 & 65

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

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

	31-03-2016	31-03-2015	31-03-2014	31-03-2013	31-03-2012
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
Gratuity					
Defined benefit obligation	198.00	147.72	125.54	87.23	67.86
Plan assets	176.24	119.76	88.25	60.65	34.77
Surplus/(Deficit)	(21.76)	(27.96)	(37.29)	(26.58)	(33.09)
Experience adjustments on plan liabilities	20.06	(4.71)	29.57	2.49	3.72
Experience adjustments on plan assets	(0.09)	1.45	0.09	1.69	0.24

b - Leave Entitlement

The obligation for compensated absences is recognised in the same manner as gratuity and net charge to the Statement of Profit and Loss for the year is Rs 33.41 lacs (31 March 2015: Rs 12.81 lacs).

31 Operating leases

Where Company is the lessee :

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

	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs
Within one year	6.60	6.00
After one year but not more than five year	28.27	34.87
More than five years	-	-

The Company has entered into operating lease agreement on certain premises. The lease term is 5 years with lease rent of Rs. 6 lacs p.a. (31st March 2015 Rs. 6 lacs p.a.), renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases. There is escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

32 Research and development expenditure

	Year ended 31-03-2016	Year ended 31-03-2015
	Rs. lacs	Rs. lacs
Revenue expenditure charged to Statement of Profit and Loss (under note 20, 23, 25 and 26)	572.06	411.41
Capital Expenditure	221.39	316.17
	793.45	727.58

33A. Capital and other commitments

	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	0.75	67.28

33B. Contingent liabilities

Particulars	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs
Claims against Company not acknowledged as		
Sales tax	21.33	34.71
Service tax	5.76	63.57
Income tax	322.23	222.52
Gram Panchayat Tax	4.41	4.41
Labour claims	15.00	-
Export obligation-Advance License	19.82	-
Total	388.55	325.21

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Zim Laboratories Limited

Significant accounting policies and other explanatory information for the year ended 31 March 2016

34 Derivative instruments and unhedged foreign currency exposure

	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs
(a) Derivatives outstanding as at the reporting date	177.53	254.86

Particulars

Purpose

Forward contract to sell
US \$ 2.68 lacs (31 March, 2015 : US \$ 4.08 lacs)

Hedge of highly probable foreign currency sales

Interest rate swap
US \$ 26.17 lacs (31 March, 2015 : US \$ 27.04 lacs)

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

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

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

	As at 31-03-2016		As at 31-03-2015	
Particulars	Amount In Foreign Currency (Lacs)	Amount In Local Currency (Lacs)	Amount In Foreign Currency (Lacs)	Amount In Local Currency (Lacs)
Balance in EEFC Account - USD	0.69	45.89	-	-
Trade receivables				
USD	37.14	2,460.88	19.50	1,220.23
EURO	0.27	20.58	1.44	96.67
Advance received from customer				
USD	1.12	72.53	5.74	359.13
EURO	0.61	46.13	0.34	22.63
Trade payables (USD)	4.87	322.48	9.15	572.14
Borrowings (USD)	49.75	3,296.03	53.66	3,354.74
PCFC(USD)	6.52	432.28	-	-
Buyer's Credit (USD)	3.24	214.50	1.71	106.91
Export Commission				
USD	13.20	874.37	7.66	478.96
EURO	0.21	15.72	0.26	17.14

35 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 issue of 1,22,449 shares for subsequent issue to eligible employees under the ESOP scheme.

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Significant accounting policies and other explanatory information for the year ended 31 March 2016

I. The position of the Employee Stock Option Scheme (ESOS) of the Company as at 31 March 2016 is as under:

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

II. Method used to account for ESOS

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

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

Exercise price equals fair value	Nil
Exercise price is greater than fair value	Nil
Exercise price is less than fair value	10.00

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

Exercise price equals fair value	Nil
Exercise price is greater than fair value	Nil
Exercise price is less than fair value	116.91

V. Employee-wise details of options granted during the financial year ended 31 March 2016

i) Senior managerial personnel :

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

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

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

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Significant accounting policies and other explanatory information for the year ended 31 March 2016

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

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

VI. The movement of stock options during the year ended 31 March 2016 are summarized below:

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

VII. The exercise price and expected remaining contractual life (comprising the vesting period and exercise period) of options outstanding as at 31 March 2016 is as follows:

Grant Date	Number of options	Vesting Date	Exercise End Date	Exercise Price	Expected remaining contractual life
01-Jun-15	30,625	01-Jun-16	01-Jun-17	10	14 months
01-Jun-15	30,608	01-Jun-17	01-Jun-18	10	26 months
01-Jun-15	30,608	01-Jun-18	01-Jun-19	10	38 months
01-Jun-15	30,608	01-Jun-19	01-Jun-20	10	50 months

VIII. For purposes of the proforma disclosures, the fair value of each option grant was estimated as at 31 March 2016 using the Black Scholes Option Valuation model with the following assumptions:

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

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

The stock-based compensation cost calculated as per the intrinsic value method for the period April 1, 2015 to March 31, 2016 is Rs. 62,49,782. If the stock-based compensation cost was calculated as per the fair value method prescribed by applicable authority, the total cost to be recognised in the financial statements for the period April 1, 2015 to March 31, 2016 would be Rs. 62,02,038. The effect of adopting the fair value method on the net income and earnings per share is presented below:

Particulars	Rs. lacs
	Year ended 31 March 2016
Profit after taxation as per Statement of Profit and Loss	514.55
Intrinsic Value Compensation Cost	62.50
Fair Value Compensation Cost	62.02
Pro forma Income	515.03
Number of shares outstanding	7,998,520
Dilutive Number of Options	112,868
Total Number of shares for dilutive workings	8,111,388
Basic	
Earnings Per Share- as reported	6.43
Earnings Per Share- as adjusted	6.44
Diluted	
Earnings Per Share- as reported	6.34
Earnings Per Share- as adjusted	6.35

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Significant accounting policies and other explanatory information for the year ended 31 March 2016

36 Segment information

The operations of the Company represent a single primary business segment relating to pharmaceuticals. Secondary segment reporting is performed on the basis of location of the customers. All the fixed assets of the Company are situated in India.

Geographical segment:

Particulars	31-03-2016			31-03-2015		
	Domestic	Export	Total	Domestic	Export	Total
Revenue from operations	14,138.11	12,689.90	26,828.01	17,769.36	8,863.67	26,633.03
Carrying amount of Capital expenditure	22,011.82	3,159.35	25,171.17	24,654.42	1,574.31	26,228.73
- Tangible	1,528.51	-	1,528.51	2,235.28	-	2,235.28
- Intangible	1,257.56	-	1,257.56	1,556.33	-	1,556.33
	1.78	-	1.78	75.76	-	75.76

37 Related party disclosures

(A) Name of related parties where control exists:

Zim Laboratories FZE,UAE

Wholly Owned Subsidiary Company

(B) Others - With whom transactions have taken place during the year

Key Management Personnel:

Mr. Anwar S. Daud
Mr. Zulfiqar Kamal
Mr. Riaz A. Kamal
Mr. Niraj Dhadiwal
Mr. Prakash Sakpal

Nature of relationship

Managing Director
Executive Director
Executive Director
Executive Director
Executive Director

Nature of transactions	31-03-2016	31-03-2015
	Rs. lacs	Rs. lacs
1) Remuneration		
Mr. Anwar S. Daud	78.00	71.50
Mr. Riaz A. Kamal	17.55	17.50
Mr. Zulfiqar Kamal	36.00	36.00
Mr. Niraj Dhadiwal	23.00	23.00
Mr. Prakash Sakpal	22.85	22.85
2) Rent paid		
Mr. Anwar S. Daud	6.00	6.00

The remuneration to Key management personnel does not include provision for gratuity, leave benefits & ESOS.

Balances outstanding at year end	31-03-2016	31-03-2015
	Rs. lacs	Rs. lacs
Advances to Key Managerial Personnel		
Mr. Anwar S.Daud	14.28	17.64
Mr. Prakash Sakpal	-	0.20
Payable to Key Managerial Personnel		
Mr. Anwar S. Daud	12.72	12.01
Mr. Zulfiqar Kamal	4.40	4.22
Mr. Riaz A. Kamal	1.42	2.23
Mr. Niraj Dhadiwal	2.97	3.34
Mr. Prakash Sakpal	3.26	3.36
Trade Payable		
Mr. Anwar S. Daud	1.78	1.38

Indian rupee loans, foreign currency loan and short term borrowings from banks are guaranteed by the personal guarantee of the managing director of the Company (refer notes 5 & 7).

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Significant accounting policies and other explanatory information for the year ended 31 March 2016

38 Details of dues to micro and small enterprises

	31-03-2016	31-03-2015
	Rs. lacs	Rs. lacs
a. The principal amount and the interest due thereon remaining unpaid to any supplier as		
- Principal amount due to micro and small enterprises	-	-
- Interest due on above	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-

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

39 Value of imports calculated on CIF Basis

	31-03-2016	31-03-2015
	Rs. lacs	Rs. lacs
Raw materials	1,079.46	1,893.43
Components and spare parts	14.31	3.21
Capital goods	240.99	117.52
	<u>1,334.76</u>	<u>2,014.16</u>

40 Expenditure in foreign currency (accrual Basis)

	31-03-2016	31-03-2015
	Rs. lacs	Rs. lacs
Commission on export sales	1,212.26	926.07
Interest	229.91	226.06
Travelling & conveyance	15.46	4.49
Sales promotion	76.13	1.99
Other expenses	82.19	68.69
	<u>1,615.95</u>	<u>1,227.30</u>

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

	% of total consumption 31-03-2016	Value 31-03-2016 Rs. lacs	% of total consumption 31-03-2015	Value 31-03-2015 Rs. lacs
Cost of materials consumed				
Imported	7%	1,015.10	11%	1,753.20
Indigenous	93%	13,289.44	89%	13,873.55
	<u>100%</u>	<u>14,304.54</u>	<u>100%</u>	<u>15,626.75</u>
Consumption of stores and spares				
Imported	22%	14.31	3%	3.21
Indigenous	78%	50.69	97%	109.99
	<u>100%</u>	<u>65.00</u>	<u>100%</u>	<u>113.20</u>

42 Net dividend remitted in foreign exchange

	31-03-2016	31-03-2015
Year of remittance(ended on)		
Periods to which it relates	-	1 April 2013 to 31 March 2014
Number of non- resident shareholders	-	58
Number of equity shares held on which dividend was due	-	2,092,520
Amount remitted (in USD)	-	29,235.96
Amount remitted (in INR)	-	1,876,652.00

43 Earnings in foreign currency (accrual basis)

	31-03-2016	31-03-2015
	Rs. lacs	Rs. lacs
Exports at F.O.B. value	10,346.98	7,889.09
Sale of Dossiers	-	70.68
	<u>10,346.98</u>	<u>7,959.77</u>

Zim Laboratories Limited

Significant accounting policies and other explanatory information for the year ended 31 March 2016

44 Contribution towards Corporate Social Responsibility (CSR)

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

	31-03-2016
	Rs. lacs
Average net profit of the Company for last three financial years	65.96
Prescribed CSR expenditure (2% of the average net profit as computed above)	1.32
Total amount to be spent for the financial year	1.32
Amount spent	4.00
Amount unspent	-

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date

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

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

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

Anwar S. Daud
Managing Director

Zulfiqar M. Kamal
Director & CFO

Place: Nagpur
Date: 1 September 2016

Place: Nagpur
Date: 1 September 2016

R.A. Parasuraman
Company Secretary

**Independent Auditor's Report
To the Members of Zim Laboratories Limited**

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Zim Laboratories Limited ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors and the management of the subsidiary (incorporated outside India) included in the Group are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms with the provisions of the Act, the Board of Directors of the Holding Company and management of subsidiary are responsible for maintenance of adequate accounting records; safeguarding the assets; 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, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiary as noted below the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2016 and, their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

9. We did not audit the financial statements of one subsidiary included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of Rs. 4.85 lacs as at 31 March 2016, total revenues (after eliminating intra-group transactions) of Rs. 23.28 lacs, net loss after tax of Rs. 4.81 lacs and net cash flows amounting to Rs (10.81) lacs for the year ended on that date. This financial statement have been audited by another auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.

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

10. The financial statements of the Group for the year ended 31 March 2015, were audited by S R B C & CO LLP who had expressed a qualified opinion on those financial statements vide their audit report dated 17 December 2015. The audit report was qualified in respect of occurrence of certain sales and purchases transactions and non-provision of certain trade receivable and loans and advance balances considered doubtful of recover ability.

Report on Other Legal and Regulatory Requirements

11. As required by Section 143(3) of the Act, and based on the auditor's reports of the subsidiary, we report, to the extent applicable, that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor;
 - 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;
 - in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - we have also audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company as of 31 March 2016, in conjunction with our audit of the consolidated financial statements of the group for the year ended on that date and our report dated 1 September 2016 as per annexure A expressed unmodified opinion;
 - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - as detailed in Note 33B, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
 - the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company.

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

per **Adi P. Sethna**
Partner
Membership No.: 108840
Place: Nagpur
Date: 1 September 2016

Annexure A to the Independent Auditor's Report of even date to the members of Zim Laboratories Limited, on the consolidated financial statements for the year ended 31 March 2016

Annexure A

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

1. In conjunction with our audit of the consolidated financial statements of the Zim Laboratories Limited ("the Holding Company") and its subsidiary, (the Holding Company and its foreign subsidiary together referred to as "the Group"), as at and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company as at that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Meaning of Internal Financial Controls over Financial Reporting

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

Annexure A to the Independent Auditor's Report of even date to the members of Zim Laboratories Limited, on the consolidated financial statements for the year ended 31 March 2016

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Holding Company have in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

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

Place: Nagpur
Date: 1 September 2016

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Zim Laboratories Limited Consolidated Balance Sheet as at 31 March 2016

	Notes	As at 31-03-2016	As at 31-03-2015
		Rs. lacs	Rs. lacs
Equity and liabilities			
Shareholder's funds			
Share capital	3	799.85	799.85
Reserves and surplus	4	9,033.89	8,621.19
		9,833.74	9,421.04
Non-current liabilities			
Long-term borrowings	5	3,475.11	3,758.78
Deferred tax liabilities (net)	6	-	-
		3,475.11	3,758.78
Current liabilities			
Short-term borrowings	7	5,629.99	5,141.59
Trade payables			
Outstanding dues to micro and small enterprises	8	-	-
Outstanding dues to other than micro and small enterprises	8	4,696.51	6,411.53
Other current liabilities	9	1,733.13	1,723.96
Short-term provisions	10	247.17	54.97
		12,306.80	13,332.05
Total		25,615.65	26,511.87
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	9,064.95	8,511.88
Intangible assets	11	154.31	198.97
Capital work-in-progress		293.25	562.42
Non-current investments	12	5.10	5.10
Long-term loans and advances	13	638.83	370.94
Other non current assets	17	45.64	21.74
		10,202.08	9,671.05
Current assets			
Inventories	14	3,771.89	4,609.90
Trade receivables	15	8,853.13	8,128.76
Cash and bank balances	16	639.40	768.69
Short-term loans and advances	13	2,088.89	3,326.17
Other current assets	17	60.26	7.30
		15,413.57	16,840.82
Total		25,615.65	26,511.87

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of financial statements.

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

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

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

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

Anwar S. Daud
Managing Director

Zulfiqar M. Kamal
Director & CFO

Place: Nagpur
Date: 1 September 2016

Place: Nagpur
Date: 1 September 2016

R.A. Parasuraman
Company Secretary

32nd Annual Report 2015-2016

Zim Laboratories Limited Consolidated Statement of Profit and Loss for the year ended 31 March 2016

	Notes	Year ended 31-03-2016	Year ended 31-03-2015
		Rs. lacs	Rs. lacs
Income			
Revenue from operations (gross)	18	27,664.01	27,509.42
Less: Excise duty		812.71	876.39
Revenue from operations (net)		26,851.30	26,633.03
Other income	19	390.77	248.25
Total revenue		27,242.07	26,881.28
Expenses			
Cost of materials consumed	20	14,304.54	15,626.75
Purchase of stock in trade	21	1,312.90	2,409.16
Changes in inventories of finished goods and work-in-progress	22	130.73	134.35
Employee benefits expense	23	3,070.01	2,325.57
Finance costs	24	1,365.32	1,032.46
Depreciation and amortization expense	25	875.69	712.90
Other expenses	26	5,113.62	3,998.69
Total expenses		26,172.81	26,239.88
Profit before exceptional item and tax		1,069.26	641.40
Exceptional item	27	(533.03)	(3,301.88)
Profit / (loss) before tax		536.23	(2,660.48)
Tax expenses			
Current Tax - Minimum Alternate Tax payable (net of an adjustment of Rs.33.90 lacs pertaining to Previous years (31 March 2015 : Rs. 9.38 lacs))		(197.28)	(121.22)
Less: Minimum alternative tax credit entitlement		170.80	130.60
Net Current Tax (Expense)/Credit		(26.48)	9.38
Deferred Tax (Expense)/Income		-	490.33
Total tax expense		(26.48)	499.71
Profit/(Loss) for the year		509.75	(2,160.77)
Earning per share (nominal value of share Rs. 10)	29		
(31 March 2015: Rs. 10)			
Basic (In Rs.)		6.37	(27.01)
Diluted (In Rs.)		6.28	(27.01)

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of financial statements.

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

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

For and on behalf of the board of directors of
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Director & CFO

Place: Nagpur
Date: 1 September 2016

Place: Nagpur
Date: 1 September 2016

R.A. Parasuraman
Company Secretary

32nd Annual Report 2015-2016

Zim Laboratories Limited Consolidated Cash flow statement for the year ended 31 March 2016

	Year ended 31-03-2016	Year ended 31-03-2015
	Rs. lacs	Rs. lacs
Cash flow from operating activities		
Profit/ (loss) before tax	536.23	(2,660.48)
Depreciation and amortisation expense	875.69	712.90
Loss on sale of fixed assets (net)	60.04	(0.10)
Fixed Assets Written off	24.75	23.09
Unrealized Foreign Exchange (Gain)/Loss	(19.70)	105.19
Premium on forward exchange contract amortised	4.03	1.07
Provision for doubtful debts (net) (Exceptional item)	398.98	3,022.22
Provision for doubtful advances (net) (Exceptional item)	134.05	279.66
Provision for employee benefits	3.85	(13.40)
Dividend income on investments	(0.60)	(0.60)
Interest income	(45.83)	(50.50)
Finance costs	1,365.32	1,032.46
Operating profit before working capital changes	3,336.81	2,451.51
Movement in working capital :		
Increase/(decrease) in trade payables	(1,713.60)	1,749.10
Increase/(decrease) in other current liabilities	(24.92)	386.34
(decrease) in short-term provisions	(4.07)	(16.34)
(Increase) in long term loans and advances	(106.12)	(105.84)
(Increase)/decrease in inventories	838.01	(1,495.99)
(Increase) in trade receivables	(1,118.88)	(1,247.58)
(Increase)/decrease in short term loans and advances	1,103.23	(960.98)
(Increase)/decrease in other current assets	(2.01)	(5.03)
Net Cash generated from operations	2,308.45	755.19
Direct taxes paid (net of refunds)	(114.16)	(196.65)
Net cash flow from operating activities (A)	2,194.29	558.54
Cash flows from investing activities		
Purchases of fixed assets, including Capital work-in-progress and capital advances	(1,315.67)	(1,492.70)
Proceeds from Sale of fixed assets	4.51	0.89
Investments in bank deposits (having original maturity of more than three months)	(307.20)	(174.11)
Maturity of bank deposits (having original maturity of more than three months)	398.39	746.89
Interest received	45.96	58.53
Dividend received	0.60	0.60
Net cash (used in) investing activities (B)	(1,173.41)	(859.90)
Cash flows from financing activities		
Proceeds from long term borrowings	10.00	17.31
(Repayment) of long term borrowings	(387.37)	(358.20)
Proceeds from short term borrowings	1372.94	1,367.68
(Repayment) of short term borrowings	(870.73)	(242.83)
Finance costs paid	(1,158.98)	(1,037.01)
Dividend paid on equity shares	-	(79.99)
Tax on equity dividend paid	(0.67)	(16.38)
Net cash from / (used) financing activities (C)	(1,034.81)	(349.42)
Net (decrease) in cash and cash equivalents (A+B+C)	(13.93)	(650.78)
Opening cash and cash equivalents	88.36	739.14
Cash and Cash equivalents as at the end	74.43	88.36
Components of cash and cash equivalents	31-Mar-16	31-Mar-15
Cash on hand	8.13	1.67
Balances with banks in:		
- Current accounts	66.30	86.69
Total Cash and cash equivalents (refer note 16)	74.43	88.36

Note:

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

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

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

per **Adi P. Sethna**
Partner
Membership No.: 108840
Place: Nagpur
Date: 1 September 2016

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

Anwar S. Daud
Managing Director

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Director & CFO

Place: Nagpur
Date: 1 September 2016

R.A. Parasuraman
Company Secretary

Zim Laboratories Limited

Significant accounting policies and other explanatory information to the Consolidated Financial Statements for the year ended 31 March 2016

1. Corporate information

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

1.1 Basis of Preparation

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

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

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

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

1.2 Principle of consolidation

The financial statements of the subsidiary used in the consolidation are drawn on the same reporting date as that of parent Company, i.e. period ended 31 March 2016, which are drawn in accordance with Accounting Standard - 21 (AS-21), "Consolidated Financial Statements".

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

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

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

The subsidiary considered in the consolidated financial statement is:

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

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

The preparation of financial statements in conformity with accounting principles generally accepted in India requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and carrying value of assets and

Zim Laboratories Limited

Significant accounting policies and other explanatory information to the Consolidated Financial Statements for the year ended 31 March 2016

liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Examples of such estimates include useful life of fixed assets, provision for doubtful debts/advances, provision for inventory obsolescence, future obligation on retirement benefit plans, provision for export commission etc.

b. Tangible fixed assets and Capital Work in progress

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

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

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

c. Depreciation on tangible fixed assets

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

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

d. Intangible assets

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

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

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.

Zim Laboratories Limited

Significant accounting policies and other explanatory information to the Consolidated Financial Statements for the year ended 31 March 2016

f. **Leases**

Where the company is lessee

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

g. **Borrowing costs**

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

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

h. **Impairment of tangible and intangible assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication of impairment exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

i. **Government grants and subsidies**

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

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

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

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

j. **Investments**

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

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

Zim Laboratories Limited

Significant accounting policies and other explanatory information to the Consolidated Financial Statements for the year ended 31 March 2016

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

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

k. Inventories

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

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

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

l. Revenue recognition

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

Sale of goods

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

Interest

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

Income from services

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

Dividend

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

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

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

Zim Laboratories Limited

Significant accounting policies and other explanatory information to the Consolidated Financial Statements for the year ended 31 March 2016

(ii) Conversion

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

(iii) Exchange differences

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

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

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

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

n. Retirement and other employee benefits

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

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

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

o. Taxation

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

Zim Laboratories Limited

Significant accounting policies and other explanatory information to the Consolidated Financial Statements for the year ended 31 March 2016

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

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

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

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

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

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

p. Segment reporting

Identification of segments

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

Segment accounting policies

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

q. Earnings per Share

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

Zim Laboratories Limited

Significant accounting policies and other explanatory information to the Consolidated Financial Statements for the year ended 31 March 2016

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

r. Provisions

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

s. Contingent liabilities

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

t. Cash and cash equivalents

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

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Zim Laboratories Limited

Significant accounting policies and other explanatory information for the year ended 31 March 2016

3. Share capital

	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs
Authorised share Capital		
1,10,00,000 (31 March 2015: 1,10,00,000) equity shares of Rs. 10 each	1,100.00	1,100.00
Issued, subscribed and fully paid-up shares		
79,98,520 (31 March 2015: 79,98,520) equity shares of Rs. 10 each fully paid up	799.85	799.85
Total issued, subscribed and fully paid-up share capital	799.85	799.85

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

Equity Shares	As at 31-03-2016		As at 31-03-2015	
	Number	Rs. lacs	Number	Rs. lacs
At the beginning of the period	7,998,520	799.85	7,998,520	799.85
Issued during the period	-	-	-	-
Outstanding at the end of the period	7,998,520	799.85	7,998,520	799.85

(b) Terms/rights attached to equity shares

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

During the year ended 31 March 2016, the amount of dividend per share is Re. 1 (31 March 2015-Rs. Nil)

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

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

	As at 31-03-2016		As at 31-03-2015	
Name of Shareholder	Number	% holding in the class	Number	% holding in the class
AA Development Capital India Fund 1, LLC	1,782,652	22.29%	1,782,652	22.29%
Anwar Daud*	2,222,720	27.79%	2,313,720	28.93%
Zakir Wali#	1,424,570	17.81%	1,910,570	23.89%
Zulfiqar M. Kamal	199,010	2.49%	497,010	6.21%

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

50 shares are jointly held with Zia Wali and Faiz Wali

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

4. Reserves and surplus

	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs
Capital reserve	40.00	40.00
Securities premium	4,761.16	4,761.16
General reserve	106.20	106.20
Foreign Currency Translation Reserve		
Balance as per last financial statements	-	-
Exchange gain/(loss) during the year	(0.11)	-
	(0.11)	-
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	3,713.83	5,895.42
Profit / (Loss) for the year	509.75	(2,160.77)
Less: Appropriations		
Proposed final equity dividend Re. 1 per share (31 March 2015: Nil)	79.99	-
Tax on proposed equity dividend (includes adjustment of earlier years of Rs 0.67 lacs (31 March 2015: Rs.3.40 lacs)	16.95	3.40
Adjustment relating to Fixed Assets (refer note 11)	-	17.42
Total appropriations	96.94	20.82
Net surplus in the Statement of Profit and Loss	4,126.64	3,713.83
Total reserves and surplus	9,033.89	8,621.19

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Zim Laboratories Limited

Significant accounting policies and other explanatory information for the year ended 31 March 2016

5. Long-term borrowings

	Non-current		Current	
	As at 31-03-2016	As at 31-03-2015	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
Secured				
Term Loans from banks				
- Indian rupee loan	480.72	566.40	84.81	121.77
- Foreign currency loan/	2,910.53	3,110.21	385.50	244.53
External commercial borrowings (ECB)				
- Vehicle Loan	6.94	-	3.06	-
Unsecured				
Loan from Department of Scientific and Industrial	39.60	39.60	13.20	32.71
Research (DSIR), Government of India				
Deferred sales tax loan	37.32	42.57	5.26	0.71
Current maturities disclosed under the head "Other	-	-	(491.83)	(399.72)
current liabilities" (refer note 9)				
	3,475.11	3,758.78	-	-

(a) Indian rupee loans from consortium members are secured by way of first charge on all present and future fixed assets including Land & Building, Plant & Machinery and second charge on all current assets on pari passu basis with lead banker & other members under consortium arrangement. The loans are also secured by personal guarantee of managing director. The loan taken from the lead banker Rs. Nil (31 March 2015: Rs 49.55 lacs) was repayable during March 2013 to September 2015 in 29 equal monthly installments of Rs 9.55 lacs with an interest rate of Base rate plus 3.85% p.a. (effective interest rate of 13.80% (31 March 2015: 14.35%)). The borrowings made from a member bank of Rs 565.53 lacs (31 March 2015: Rs 638.62 lacs) are repayable in 84 equated monthly installments, commenced from April 2014, of Rs. 13.31 lacs each. The applicable interest rate on this loan is PLR less 3% p.a. (effective interest rate of 14.50% (31 March 2015: 14.50%)).

(b) Foreign currency loan (ECB-I) of Rs. 1,562 lacs (31 March 2015: 1,664 lacs) from bank carries interest rate of 3 Month LIBOR plus 5% p.a. (effective interest rate of 5.62% (31 March 2015: 5.23 %) which is repayable from May 2013 to May 2019 in half yearly installments ranging from Rs. 41.89 lacs to Rs. 302.32 lacs. The loan availed in November 2013 (ECB-II) of Rs. 1,734 lacs (31 March 2015: 1,690.62 lacs) having interest rate of 7.80% p.a is repayable from November 2014 to November 2020 in half yearly installments ranging from Rs. 16.69 lacs to Rs. 454.30 lacs..

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

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

6. Deferred tax liabilities (Net)

	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation/	950.92	773.17
amortisation charged for the financial reporting		
Others	-	19.22
Gross deferred tax liabilities	950.92	792.39
Deferred tax assets		
Impact of expenditure charged to the Statement of Profit and Loss in the	84.51	61.47
current year but allowed for tax purposes on payment basis		
Provision for employee benefits	9.60	7.90
Provision for doubtful debts and advances	1,419.61	1,180.00
Gross deferred tax assets	1,513.72	1,249.37
Deferred tax assets restricted#	950.92	792.39
	-	-

In the absence of reasonable certainty, Deferred tax assets is recognised only to the extent of deferred tax liability.

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7. Short term borrowings

	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs
Secured		
From Banks, repayable on demand		
- Cash credit, packing credit facilities (refer note a and b)	5,153.97	4,993.14
- Buyer's Credit	214.50	106.91
From other body corporate	261.52	41.54
	5,629.99	5,141.59

- (a) Cash credit from banks are secured by the first charge on all current assets both present and future and second charge on all the fixed assets of the Company both present and future on pari pasu basis with other consortium members. The interest rate on cash credit facility from lead banker & other banks is Base Rate plus 3.35% p.a. & PLR minus 3% p.a. respectively. The loans are secured by personal guarantee of Managing Director.
- (b) Packing credit in foreign currency and post shipment credit Rs. 673.68 lacs (31 March 2015: Nil) in foreign currency from bank are secured by the first charge on all current assets both present and future and second charge on all the fixed assets of the Company both present and future on pari pasu basis with other consortium members. The interest rate on packing credit and post shipment credit facility from bank is Base Rate plus 1% p.a. and LIBOR plus 2.3% p.a. respectively. The loans are secured by personal guarantee of Managing Director.
- (c) Company has availed of import financing facility under the buyer's credit scheme. The maximum repayment period is one year from the date of drawdown. Buyer's credit facility is towards import of fixed assets. Interest is charged @ LIBOR plus mark-up payable at maturity. The facility is fully secured alongwith cash credit facilities from banks.
- (d) Short term loan from body corporate is secured by bank guarantee having initial repayment period of 90 Days against each purchase at rate of interest of 12.50% p.a. (12.95% upto June 2015 and thereafter 12.70% up to December 2015).

8. Trade payables

	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs
Outstanding dues to micro and small enterprises (refer note 38)	-	-
<u>Outstanding dues to other than micro and small enterprises</u>		
For goods	3,030.29	5,098.26
For expenses	1,666.22	1,313.27
	4,696.51	6,411.53

9. Other current liabilities

	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs
Current maturities of long term borrowings (refer note 5)	491.83	399.72
Interest accrued but not due on borrowings	71.17	62.76
Payable for capital expenditure	150.04	216.21
Advance received from customers	374.63	691.62
Statutory dues	159.85	114.79
Unpaid dividends#	20.95	21.22
Overdrawn bank balances as per books	127.57	-
Employee related liabilities	287.91	152.60
Others	49.18	65.04
	1,733.13	1,723.96

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

10. Short-term provisions

	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs
Provision for employee benefits		
Provision for gratuity (refer note 30 (a))	21.76	27.96
Provision for leave entitlement	5.98	-
Other Provisions		
Provision for income tax (net of advance tax of Rs. 120.85 lacs (31 March 2015 Rs. 105.60 lacs))	123.16	27.01
Proposed equity dividend	79.99	-
Provision for tax on proposed equity dividend	16.28	-
	247.17	54.97

11. Tangible and intangible assets (Rs. lacs)

Tangible assets	Land (refer note 4)	Buildings (refer notes 2 and 3)	Plant and Machinery and Electric Installation	Furniture and Fixtures	Office Equipments	Vehicles (refer note 5)	Total	Software	Total
At 1 April 2014	27.63	374.57	4,075.96	149.32	473.10	106.34	130.73	46.55	8,680.38
Additions	61.76	-	1,208.26	57.38	192.95	41.49	2,051.02	184.26	2,235.28
Disposals	-	-	64.96	8.29	27.33	-	165.43	-	165.43
At 31 March 2015	89.39	374.57	5,219.26	198.41	653.63	120.50	1,307.73	230.81	10,750.23
Additions	289.15	446.89	522.74	194.04	51.03	1,526.73	20.51	1,528.51	1,528.51
Adjustment ⁸	-	-	-	-	-	-	-	-	-
Disposals	-	-	180.99	-	6.85	187.84	232.59	187.84	12,035.79
At 31 March 2016	89.39	608.61	4,179.82	5,561.01	200.78	847.67	171.53	144.39	11,803.20
Depreciation/Amortisation	9.89	321.82	801.40	17.95	162.02	40.08	37.17	7.44	1,397.77
Charge for the year	3.79	136.46	426.13	20.96	53.22	33.59	19.10	693.25	24.40
Disposals	-	2.73	39.37	5.05	10.58	18.31	-	76.04	717.65
At 31 March 2015	13.68	455.55	1,188.16	33.86	204.86	55.36	56.27	2,007.54	31.84
Charge for the year	4.66	152.79	517.30	21.25	77.97	36.96	18.32	829.25	46.44
Adjustment ⁸	-	-	93.69	-	-	-	4.85	98.54	98.54
Disposals	-	-	-	-	-	-	-	-	-
At 31 March 2016	18.34	608.34	1,611.77	55.11	282.63	92.32	69.74	2,738.25	78.28
Net Block	590.27	3,571.48	3,949.24	145.67	565.04	79.21	74.65	9,064.95	154.31
At 31 March 2016	89.39	3,277.38	4,031.10	164.55	448.97	65.14	74.46	8,511.88	198.97
At 31 March 2015	89.39	3,277.38	4,031.10	164.55	448.97	65.14	74.46	8,511.88	198.97

1 The borrowing cost capitalised during the year ended 31 March 2016 was Rs. Nil (31 March 2015: 66.83 lacs).

- 2 Building includes those constructed on leasehold land:
Gross block 3,154.31
Depreciation charged during the year 2,906.60
Net Book Value 247.71
- 3 Building includes those constructed on leasehold land but title not transferred in the name of the Company till date:
Gross block 280.16
Depreciation charged during the year 8.31
Accumulated depreciation 16.93
Net Book Value 263.23
- 4 Leasehold land for which title has not transferred in the name of the Company till date:
Gross block 435.01
Depreciation charged during the year 2.89
Accumulated depreciation 3.95
Net Book Value 428.17
- 5 Vehicles includes vehicles in the personal name of directors & employees having Gross Block Rs.82.30 lacs and WDV Rs.46.23 lacs (31st March 2015 - Gross Block Rs. 65.04 lacs and WDV Rs. 40.79 lacs)
Reconciliation of depreciation:
Charge for the year as above 875.69
Depreciation capitalised for fixed assets used for assets under development (4.75)
Depreciation and amortisation charged for the year 875.69
- 7 Pursuant to the enactment of Companies Act 2013, the Company has applied the estimated value of Fixed Assets whose lives has expired as at 1 April 2014 have been adjusted net of tax of Rs.9 lacs in retained earnings over the revised/renewed useful lives. During the previous year, the written down value of Fixed Assets as specified in Schedule II, Accordingly the unamortised carrying value is being depreciated / amortised amounting to Rs. 17.42 lacs.
- 8 Represents assets held for sale classified under other current assets.

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12. Non current investments (valued at cost unless stated otherwise) (Unquoted)		As at 31-03-2016 Rs. lacs		As at 31-03-2015 Rs. lacs	
Trade Investments					
Investment in equity instruments					
20,000 (31 March 2015: 20,000) equity shares of Rs. 25 each fully paid-up in Shamrao Vitthal co-operative Bank Limited		5.00		5.00	
Other Investments					
Government securities					
National Saving Certificate		0.10		0.10	
		5.10		5.10	
13. Loans and advances (Unsecured, considered good unless otherwise stated)					
		Long-term		Short-term	
		As at 31-03-2016 Rs. lacs		As at 31-03-2015 Rs. lacs	
		As at 31-03-2016 Rs. lacs		As at 31-03-2015 Rs. lacs	
Advances recoverable in cash or kind					
Considered good		-		712.60	
Considered doubtful		-		413.71	
		-		1,126.31	
Less: Provision for doubtful advances		-		(413.71)	
		-		712.60	
				1,753.62	
Earnest Money and security deposits		82.05		74.78	
Capital advances		8.79		18.63	
Advances to related parties (refer note 37)		-		14.28	
Leave benefits		-		-	
Prepaid expenses		2.61		6.15	
Loans to employees		-		6.44	
Balance with statutory/government authorities		101.72		-	
Minimum Alternative Tax credit entitlement		443.66		271.38	
		638.83		370.94	
		2,088.89		3,326.17	
Advances to related parties include:				Short-term	
		As at 31-03-2016 Rs. lacs		As at 31-03-2015 Rs. lacs	
Advances to Managing Director and Executive Director		14.28		17.84	
		14.28		17.84	
14. Inventories (Valued at lower of cost and net realizable value)					
		As at 31-03-2016 Rs. lacs		As at 31-03-2015 Rs. lacs	
Raw materials and packing materials [includes in transit - Rs.184.21 lacs (31 March 2015 : Rs.140.21lacs)]		2,266.19		2,975.84	
Work-in-progress		550.58		677.03	
Finished goods [includes in transit - Rs. 56.06 lacs (31 March 2015 : Nil)]		906.49		910.77	
Stores and spares		48.63		46.26	
		3,771.89		4,609.90	
15. Trade receivables (unsecured) (Unsecured, considered good unless otherwise stated)					
		As at 31-03-2016 Rs. lacs		As at 31-03-2015 Rs. lacs	
Outstanding for more than six months from the date they are due for payment					
Considered good		2,634.50		2,033.43	
Considered doubtful		3,688.28		570.62	
Other receivables					
Considered good		6,218.63		6,095.33	
Considered doubtful		-		2,718.68	
		12,541.41		11,418.06	
Less: Provision for doubtful debts		(3,688.28)		(3,289.30)	
		8,853.13		8,128.76	

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16. Cash and bank Balances

	Non-Current		Current	
	As at 31-03-2016	As at 31-03-2015	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
Cash and cash equivalents				
Cash on hand	-	-	8.13	1.67
Balances with banks in:				
- Current accounts	-	-	66.30	86.69
	-	-	74.43	88.36
Other Bank Balances				
Unclaimed dividend account	-	-	20.95	21.22
Margin money deposits*	45.64	21.74	544.02	654.11
Fixed deposits with original maturity for more than 12 months	-	-	-	5.00
	45.64	21.74	564.97	680.33
Amount disclosed under non-current assets (refer note 17)	(45.64)	(21.74)	-	-
	-	-	639.40	768.69

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

17. Other assets

	Non-Current		Current	
	As at 31-03-2016	As at 31-03-2015	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
(Unsecured, considered good unless stated otherwise)				
Non-current bank balances (refer note 16)	45.64	21.74	-	-
Unamortised Premium on Forward Contracts	-	-	0.62	2.49
Assets held for sale	-	-	55.11	-
Others				
Interest accrued on fixed deposits	-	-	3.21	3.34
Others	-	-	1.32	1.47
	45.64	21.74	60.26	7.30

18. Revenue from operations

	Year ended 31-03-2016	Year ended 31-03-2015
	Rs. lacs	Rs. lacs
Sales of products		
Finished goods	25,765.90	24,415.46
Stock in trade	1,442.80	2,642.20
Other operating revenue	455.31	451.76
	27,664.01	27,509.42
Less: Excise duty	812.71	876.39
	26,851.30	26,633.03
Details of product sold		
Finished goods		
Tablets	11,113.68	13,306.23
Capsules	3,021.82	2,673.55
Pre formulation ingredients	11,630.40	8,435.68
	25,765.90	24,415.46
Stock in trade		
Tablets	573.36	-
Capsules	85.42	-
Bulk Drugs	784.02	2,642.20
	1,442.80	2,642.20
Other operating revenue		
Export incentives	421.65	326.11
Scrap Sales	15.27	53.68
Sale of dossiers	-	70.68
Others	18.39	1.29
	455.31	451.76

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19. Other income

	Year ended 31-03-2016	Year ended 31-03-2015
	Rs. lacs	Rs. lacs
Interest income on		
Fixed deposits	45.83	50.50
Others	3.47	6.53
Dividend income on investments	0.60	0.60
Exchange rate difference (net)	182.32	70.64
Other non-operating income	158.55	119.98
	390.77	248.25

20. Cost of materials consumed

	Year ended 31-03-2016	Year ended 31-03-2015
	Rs. lacs	Rs. lacs
Inventory at the beginning of year	2,975.84	1,339.85
Add: Purchases	13,594.89	17,262.74
	16,570.73	18,602.59
Less: Inventory at the end of year	2,266.19	2,975.84
Cost of materials consumed	14,304.54	15,626.75

Details of raw material and components consumed

Drugs	4,413.41	4,343.01
Antibiotics	5,732.94	7,014.72
Packing materials	1,901.51	1,966.60
EHG capsules	415.58	340.71
Vitamins	167.28	248.92
Others	1,673.82	1,712.79
	14,304.54	15,626.75

Details of inventory

Drugs	669.90	683.09
Antibiotics	958.15	1,373.65
Packing materials	281.35	425.27
EHG capsules	43.16	67.36
Vitamins	24.16	34.74
Others	289.47	391.73
	2,266.19	2,975.84

21. Purchase of Stock in trade

Bulk Drugs	1,312.90	2,409.16
	1,312.90	2,409.16

22. Changes in inventories of finished goods and work in progress

	Year ended 31-03-2016	Year ended 31-03-2015
	Rs. lacs	Rs. lacs
Inventories at the end of the year		
Finished goods	906.49	910.77
Work in progress	550.58	677.03
	1,457.07	1,587.80
Inventories at the beginning of the year		
Finished goods	910.77	901.58
Work in progress	677.03	820.57
	1,587.80	1,722.15
	130.73	134.35

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Details of inventory

Finished goods

Tablets	410.60	448.16
Capsules	124.50	95.55
Pre formulation ingredients	371.39	367.06
	<u>906.49</u>	<u>910.77</u>

Work in progress

Tablets	331.64	407.13
Capsules	56.96	38.27
Pre formulation ingredients	161.98	231.63
	<u>550.58</u>	<u>677.03</u>

23. Employee benefits expense

	Year ended 31-03-2016	Year ended 31-03-2015
	Rs. lacs	Rs. lacs
Salaries, wages and bonus	2,849.81	2,162.26
Contribution to provident and other funds	89.41	66.33
Gratuity expense (refer note 30(a))	42.46	18.52
Staff welfare expenses	88.33	78.46
	<u>3,070.01</u>	<u>2,325.57</u>

24. Finance costs

	Year ended 31-03-2016	Year ended 31-03-2015
	Rs. lacs	Rs. lacs
Interest		
Banks	1,049.61	855.79
Others	33.98	4.15
Net (gain)/loss on foreign currency transactions and translation	198.90	110.21
Other borrowing costs	70.45	55.03
Interest on delayed payment of income tax	12.38	7.28
	<u>1,365.32</u>	<u>1,032.46</u>

25. Depreciation and amortisation expenses

	Year ended 31-03-2016	Year ended 31-03-2015
	Rs. lacs	Rs. lacs
Depreciation of tangible assets (refer note11)	829.25	688.50
Amortisation of intangible assets (refer note11)	46.44	24.40
	<u>875.69</u>	<u>712.90</u>

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26. Other Expenses

	Year ended 31-03-2016	Year ended 31-03-2015
	Rs. lacs	Rs. lacs
Consumption of stores and spares	65.00	113.20
Power and fuel	628.45	622.95
Water charges	11.74	9.55
Insurance	22.00	15.53
Increase/(decrease) of excise duty on inventory	24.00	(19.25)
Repairs and maintenance		
Machines	203.07	233.26
Buildings	72.05	77.14
Others	78.52	70.21
Printing & stationery	38.75	37.16
Communication costs	32.63	26.34
Legal and professional fees	365.05	210.54
Payment to auditors (Refer details below)	30.00	21.12
Advertisement & sales promotion	142.49	42.23
Travelling and conveyance	214.78	197.27
Commission on sales	1,560.55	1,176.14
Freight and forwarding charges	500.73	451.54
Bad debts/ advances written off	41.33	29.30
Rates and taxes	146.96	103.48
Fixed Assets Written off	24.75	17.00
Loss on sale of fixed assets (net)	60.04	-
Rent	10.35	10.03
Premium on forward exchange contract amortised	4.03	1.07
Laboratories Expenses	306.14	224.49
Corporate social responsibility expenses (refer note 39)	4.00	-
Miscellaneous expenses	526.21	328.39
	5,113.62	3,998.69

Payment to auditor

	Year ended 31-03-2016	Year ended 31-03-2015
	Rs. lacs	Rs. lacs
As auditor:		
Audit fee	22.00	19.00
Fee for opinion on Internal financial control over financial reporting	8.00	-
In other capacity:		
Other services (certification fees)	-	1.18
Reimbursement of expenses	-	0.94
	30.00	21.12

27. Exceptional items

	Year ended 31-03-2016	Year ended 31-03-2015
	Rs. lacs	Rs. lacs
Provision for doubtful debts (net) (refer note a)	398.98	3,022.22
Provision for doubtful advances (net) (refer note b)	134.05	279.66
	533.03	3,301.88

a The Company's domestic business comprises of mainly supply to government through direct tender and institutional business (both corporation & government), routed via agents, through local tender. For the institutional business, agents and distributors procure orders for the Company's products, through various local tenders and source the same from the Company. During the year ended 31 March 2015, some of the traders and distributors associated with such agents had either wound up their business or have failed to pay their outstanding amounts due to the Company. As a result, the Company had decided to close this indirect business through agents / distributors and take legal action to recover/settle the outstanding

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receivables from these agents, traders and distributors during the previous year. In light of this development, the Company, during the year ended 31 March 2015 had decided to make a provision on prudent basis of indirect local tender business receivables due & which were doubtful. However, with its subsequent efforts for recovery of the outstanding balances, the Company has been successful in recovering an amount of Rs. 460 lacs during the year ended 31 March 2016.

- b During the earlier years, the Company had made certain advances towards promotion and creation of general awareness for one of its product. Since the expected response for the product was not in line with historical demand, the Company decided to make a provision on prudent basis in respect of these doubtful advances. However, the Company is still in discussion with the concerned party for recovery of these advances.

28 Capitalisation of expenditure

The Company has capitalised the following expenses of revenue nature to the cost of capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

	Year ended 31-03-2016	Year ended 31-03-2015
	Rs. lacs	Rs. lacs
Salaries, wages and bonus	-	8.60
Finance costs	-	66.83
Other expenses	-	47.28
	-	122.71

29 Earning per share (EPS)

	Year ended 31-03-2016	Year ended 31-03-2015
	Rs. lacs	Rs. lacs
Total operations for the year		
Profit/ (loss) after tax	509.75	(2,160.77)
Net profit/ (loss) for calculation of basic and diluted EPS	509.75	(2,160.77)
Weighted average number of equity shares in calculating basic EPS	7,998,520	7,998,520
Weighted average number of equity shares in calculating diluted EPS	8,111,388	7,998,520
Basic Earning Per Share (Rs.)	6.37	(27.01)
Diluted Earning Per Share (Rs.)	6.28	(27.01)

30 Employee Benefit - General Description of Defined Benefit Plan (of the Company only)**a - Gratuity**

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

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

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Significant accounting policies and other explanatory information for the year ended 31 March 2016

I. Expenses recognised in Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost:

	Gratuity	
	Year ended	Year ended
	31-03-2016	31-03-2015
	Rs. lacs	Rs. lacs
Current service cost	16.75	11.98
Interest cost on benefit obligation	11.88	11.47
Expected return on plan assets	(9.63)	(7.68)
Net actuarial(gain)/loss in the year	22.60	1.62
Net benefit expenses	41.60	17.39

II. Actual return on plan assets

10.55 8.05

III. Amount recognised in Balance Sheet

Benefit asset/liability

	Gratuity	
	As at	As at
	31-03-2016	31-03-2015
	Rs. lacs	Rs. lacs
Present value of defined benefit obligation	198.00	147.72
Fair value of plan assets	176.24	119.76
Net Plan (asset) / liability recognised in Balance Sheet	21.76	27.96

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

	Gratuity	
	Year ended	Year ended
	31-03-2016	31-03-2015
	Rs. lacs	Rs. lacs
Opening defined benefit obligation	147.72	125.54
Current service cost	16.75	11.98
Interest cost	11.88	11.47
Benefit paid	(0.86)	(4.34)
Actuarial(gains)/losses on obligation	22.51	3.07
	198.00	147.72

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

	Gratuity	
	Year ended	Year ended
	31-03-2016	31-03-2015
	Rs. lacs	Rs. lacs
Opening fair value of plan assets	119.76	88.25
Expected return	9.63	7.68
Contribution by employer	46.94	23.07
Benefit paid	-	(0.69)
Actuarial gain/(losses)	(0.09)	1.45
Closing fair value of plan assets	176.24	119.76

The Company expects to contribute Rs.42.73 lacs to gratuity in the next year (31 March 2015: 44.71 lacs).

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

	As at	As at
	31-03-2016	31-03-2015
	Rs. lacs	Rs. lacs
Investments with insurer (Insurer managed funds)	100%	100%

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Significant accounting policies and other explanatory information for the year ended 31 March 2016

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

	Gratuity	
	31-03-2016	31-03-2015
Discount rate	7.84%	8.04%
Expected rate of return on assets	7.84%	8.04%
Salary escalation	5.00%	5.00%
Attrition rate	14.64%	13.79%
Mortality	Indian assured lives mortality (2006-08) ultimate	Indian assured lives mortality (2006-08) ultimate
Retirement age (years)	60 & 65	60 & 65

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

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

	31-03-2016	31-03-2015	31-03-2014	31-03-2013	31-03-2012
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
Gratuity					
Defined benefit obligation	198.00	147.72	125.54	87.23	67.86
Plan assets	176.24	119.76	88.25	60.65	34.77
Surplus/(Deficit)	(21.76)	(27.96)	(37.29)	(26.58)	(33.09)
Experience adjustments on plan liabilities	20.06	(4.71)	29.57	2.49	3.72
Experience adjustments on plan assets	(0.09)	1.45	0.09	1.69	0.24

b - Leave Entitlement

The obligation for compensated absences is recognised in the same manner as gratuity and net charge to the Statement of Profit and Loss for the year is Rs 33.41 lacs (31 March 2015: Rs 12.81 lacs).

31 Operating leases

Where Company is the lessee :

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

	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs
Within one year	6.60	6.00
After one year but not more than five year	28.27	34.87
More than five years	-	-

The Company has entered into operating lease agreement on certain premises. The lease term is 5 years with lease rent of Rs. 6 lacs p.a. (31st March 2015 Rs. 6 lacs p.a.), renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases. There is escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

32 Research and development expenditure

	Year ended 31-03-2016	Year ended 31-03-2015
	Rs. lacs	Rs. lacs
Revenue expenditure charged to Statement of Profit and Loss (under note 20, 23, 25 and 26)	572.06	411.41
Capital Expenditure	221.39	316.17
	793.45	727.58

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Significant accounting policies and other explanatory information for the year ended 31 March 2016

33A. Capital and other commitments

	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	0.75	67.28

33B. Contingent liabilities

Particulars	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs
Claims against Company not acknowledged as debt in respect of:		
Sales tax	21.33	34.71
Service tax	5.76	63.57
Income tax	322.23	222.52
Gram Panchayat Tax	4.41	4.41
Pending case in court	15.00	-
Export obligation-Advance License	19.82	-
Total	388.55	325.21

34 Derivative instruments and unhedged foreign currency exposure

	As at 31-03-2016	As at 31-03-2015
	Rs. lacs	Rs. lacs
(a) Derivatives outstanding as at the reporting date	177.53	254.86

Particulars

Purpose

Forward contract to sell
US \$ 2.68 lacs (31 March, 2015 : US \$ 4.08 lacs)

Hedge of highly probable foreign currency sales

Interest rate swap
US \$ 26.17 lacs (31 March, 2015 : US \$ 27.04 lacs)

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

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

Particulars	As at 31-03-2016		As at 31-03-2015	
	Amount In Foreign Currency (Lacs)	Amount In Local Currency (Lacs)	Amount In Foreign Currency (Lacs)	Amount In Local Currency (Lacs)
Balance in Account				
USD	0.69	45.89	-	-
AED	0.20	3.53	0.89	14.34
Trade receivables				
USD	37.14	2,460.88	19.50	1,220.23
EURO	0.27	20.58	1.44	96.67
Advance received from customer				
USD	1.12	72.53	5.74	359.13
EURO	0.61	46.13	0.34	22.63
AED	0.54	9.76	0.98	15.81
Trade payables (USD)	4.87	322.48	9.15	572.14
Borrowings (USD)	49.75	3,296.03	53.66	3,354.74
PCFC(USD)	6.52	432.28	-	-
Buyer's Credit (USD) - including interest	3.24	214.50	1.71	106.91
Export Commission				
USD	13.20	874.37	7.66	478.96
EURO	0.21	15.72	0.26	17.14

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Significant accounting policies and other explanatory information for the year ended 31 March 2016

35 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 issue of 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 2016 is as under:

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

II. Method used to account for ESOS

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

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

Exercise price equals fair value	Nil
Exercise price is greater than fair value	Nil
Exercise price is less than fair value	10.00

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

Exercise price equals fair value	Nil
Exercise price is greater than fair value	Nil
Exercise price is less than fair value	116.91

V. Employee-wise details of options granted during the financial year ended 31 March 2016

i) Senior managerial

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

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Significant accounting policies and other explanatory information for the year ended 31 March 2016

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

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

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

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

VI. The movement of stock options during the year ended 31 March 2016 are summarized below:

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

VII. The exercise price and expected remaining contractual life (comprising the vesting period and exercise period) of options outstanding as at 31 March 2016 is as follows:

VII. The exercise price and expected remaining contractual life (comprising the vesting period and exercise period) of options outstanding as at 31 March 2016 is as follows:

Grant Date	Number of options	Vesting Date	Exercise End Date	Exercise Price	Expected remaining contractual life
01-Jun-15	30,625	01-Jun-16	01-Jun-17	10	14 months
01-Jun-15	30,608	01-Jun-17	01-Jun-18	10	26 months
01-Jun-15	30,608	01-Jun-18	01-Jun-19	10	38 months
01-Jun-15	30,608	01-Jun-19	01-Jun-20	10	50 months

VIII. For purposes of the proforma disclosures, the fair value of each option grant was estimated as at 31 March 2016 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%

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Significant accounting policies and other explanatory information for the year ended 31 March 2016

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

The stock-based compensation cost calculated as per the intrinsic value method for the period April 1, 2015 to March 31, 2016 is Rs. 62,49,782. If the stock-based compensation cost was calculated as per the fair value method prescribed by applicable authority, the total cost to be recognised in the financial statements for the period April 1, 2015 to March 31, 2016 would be Rs. 62,02,038. The effect of adopting the fair value method on the net income and earnings per share is presented below:

Particulars	Rs. lacs
	Year ended 31-03-2016
Profit after taxation as per Statement of Profit and Loss	509.75
Intrinsic Value Compensation Cost	62.50
Fair Value Compensation Cost	62.02
Pro forma Income	510.23
Number of shares outstanding	7,998,520
Dilutive Number of Options	112,868
Total Number of shares for dilutive workings	8,111,388
Basic	
Earnings Per Share- as reported	6.37
Earnings Per Share- as adjusted	6.38
Diluted	
Earnings Per Share- as reported	6.28
Earnings Per Share- as adjusted	6.29

36 Segment information

The operations of the Company represent a single primary business segment relating to pharmaceuticals. Secondary segment reporting is performed on the basis of location of the customers. All the fixed assets of the Company are situated in India.

Geographical segment:

Particulars	31-03-2016			31-03-2015		
	Domestic	Export	Total	Domestic	Export	Total
Revenue from operations	14,138.11	12,713.19	26,851.30	17,769.36	8,863.67	26,633.03
Carrying amount of segment Capital	22,007.79	3,164.20	25,171.99	24,666.18	1,574.31	26,240.49
expenditure for the year:						
- Tangible	1,259.34	-	1,259.34	1,632.09	-	1,632.09
- Intangible	1,257.56	-	1,257.56	1,556.33	-	1,556.33
	1.78	-	1.78	75.76	-	75.76

37 Related party disclosures

Key Management Personnel:

Mr. Anwar S. Daud
Mr. Zulfiquar Kamal
Mr. Riaz A. Kamal
Mr. Niraj Dhadiwal
Mr. Prakash Sakpal

Nature of relationship

Managing Director
Executive Director
Executive Director
Executive Director
Executive Director

Nature of transactions

1) Remuneration

Mr. Anwar S. Daud
Mr. Riaz A. Kamal
Mr. Zulfiquar Kamal
Mr. Niraj Dhadiwal
Mr. Prakash Sakpal

	31-03-2016	31-03-2015
	Rs. lacs	Rs. lacs
Mr. Anwar S. Daud	78.00	71.50
Mr. Riaz A. Kamal	17.55	17.50
Mr. Zulfiquar Kamal	36.00	36.00
Mr. Niraj Dhadiwal	23.00	23.00
Mr. Prakash Sakpal	22.85	22.85

2) Rent paid

Mr. Anwar S. Daud

6.00 6.00

The remuneration to Key management personnel does not include provision for gratuity, leave benefits & ESOS.

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Significant accounting policies and other explanatory information for the year ended 31 March 2016

	31-03-2016	31-03-2015
	Rs. lacs	Rs. lacs
Balances outstanding at year end		
Advances to Key Managerial Personnel		
Mr. Anwar S. Daud	14.28	17.64
Mr. Prakash Sakpal	-	0.20
Payable to Key Managerial Personnel		
Mr. Anwar S. Daud	12.72	12.01
Mr. Zulfiqar Kamal	4.40	4.22
Mr. Riaz A. Kamal	1.42	2.23
Mr. Niraj Dhadiwal	2.97	3.34
Mr. Prakash Sakpal	3.26	3.36
Trade Payable		
Mr. Anwar S. Daud	1.78	1.38

Indian rupee loans, foreign currency loan and short term borrowings from banks are guaranteed by the personal guarantee of the managing director of the Company (refer notes 5 & 7).

38 Details of dues to micro and small enterprises

	31-03-2016	31-03-2015
	Rs. lacs	Rs. lacs
a. The principal amount and the interest due thereon remaining unpaid to any		
- 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	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-

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

39 Contribution towards Corporate Social Responsibility (CSR)

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

	31-03-2016
	Rs. lacs
Average net profit of the Company for last three financial years	65.96
Prescribed CSR expenditure (2% of the average net profit as computed above)	1.32
Total amount to be spent for the financial year	1.32
Amount spent	4.00
Amount unspent	-

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Zim Laboratories Limited

Significant accounting policies and other explanatory information for the year ended 31 March 2016

- 40 Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date

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

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

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

Anwar S. Daud
Managing Director

Zulfiqar M. Kamal
Director & CFO

Place: Nagpur
Date: 1 September 2016

Place: Nagpur
Date: 1 September 2016

R.A. Parasuraman
Company Secretary

32nd Annual Report 2015-2016**FORM AOC-I**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies / joint ventures**Part "A" : Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

1.	Sl. No.	:	1
2.	Name of the subsidiary	:	Zim Laboratories FZE
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	:	April 2015 to March-2016
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiary	:	AED and Exchange Rate- Rs18.0375/AED
5.	Share capital	:	Rs. 4,50,937.50
6.	Reserves & surplus.	:	Rs. (9,42,675.82)
7.	Total assets	:	Rs. 4,84,721.74
8.	Total liabilities	:	Rs. 4,84,721.74
9.	Investments	:	Nil
10.	Turnover	:	Rs. 24,90,672.11
11.	Profit /(Loss) before taxation	:	Rs. (4,91,287.39)
12.	Provision for taxation	:	Nil
13.	Profit/(Loss) after taxation	:	Rs. (4,91,287.39)
14.	Proposed Dividend	:	Nil
15.	% of shareholding.	:	100%

For on behalf of the Board of Directors of
Zim Laboratories Limited

(Anwar Siraj Daud)
Managing Director

(Zulfiqar M. Kamal)
Director (Finance)

Place : Nagpur
Date : 01.09.2016

(R.A. Parasuraman)
Company Secretary

32nd Annual Report 2015-2016**ZIM LABORATORIES LIMITED**

Regd. Office : Sadoday Gyan (Ground Floor), Opp. NADT, Nelson Square, Nagpur – 440 013
Tel. No. (0712) 2588070, E-mail ID : md@zimlab.in Website : www.zimlab.in

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014] CIN : U99999MH1984PLC032172.

Name of the member(s)	
Registered address :	
E-mail ID	
Folio No./DP ID-Client ID:	

I/We, being the holder(s) of _____ equity shares of the above named company, hereby appoint :

- (1) Name : _____
Address : _____
E-mail ID : _____ Signature _____ or failing him ;
- (2) Name : _____
Address : _____
E-mail ID : _____ Signature _____ or failing him ;
- (3) Name : _____
Address : _____
E-mail ID : _____ Signature _____ or failing him ;

as my/our proxy to attend and vote (on poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Friday, the 30th September, 2016 at 2.00 p.m.. in the Registered Office at Sadoday Gyan (Ground Floor), Opp. NADT, Nelson Square, Nagpur – 440 013 and at any adjournment thereof in respect of such resolutions as are indicated below :-

Sl. No.	Resolutions	Optional*	
		For	Against
1	Adoption of financial statements for 2015-16 and Report of Board and Auditors.		
2	Declaration of dividend - 10%		
3	Re-appointment of Mr. Prakash Sapkal, retiring Whole Time Director.		
4	Ratification of appointment of Auditor for 2016-17.		
5	Ratification of Cost Auditor's remuneration for 2016-17.		
6	Approval of increase in remuneration of Directors granted by the Board on 28.06.2016.		
7	Appointment of Mr. Niraj Dhadiwal as Whole-time Director for three years upto 30.09.2019.		
8	Appointment of Mr. Prakash Sapkal as Whole-time Director for three years upto 30.09.2019.		
9	Appointment of Mr. Zulfiquar M. Kamal as Whole-time Director for three years upto 18.10.2019		

Signed this _____ day of _____ 2016

Signature of Shareholder : _____

Signature of Proxy holder (s) : _____

Affix
Revenue
Stamp not
less than
Re. 1/-

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.