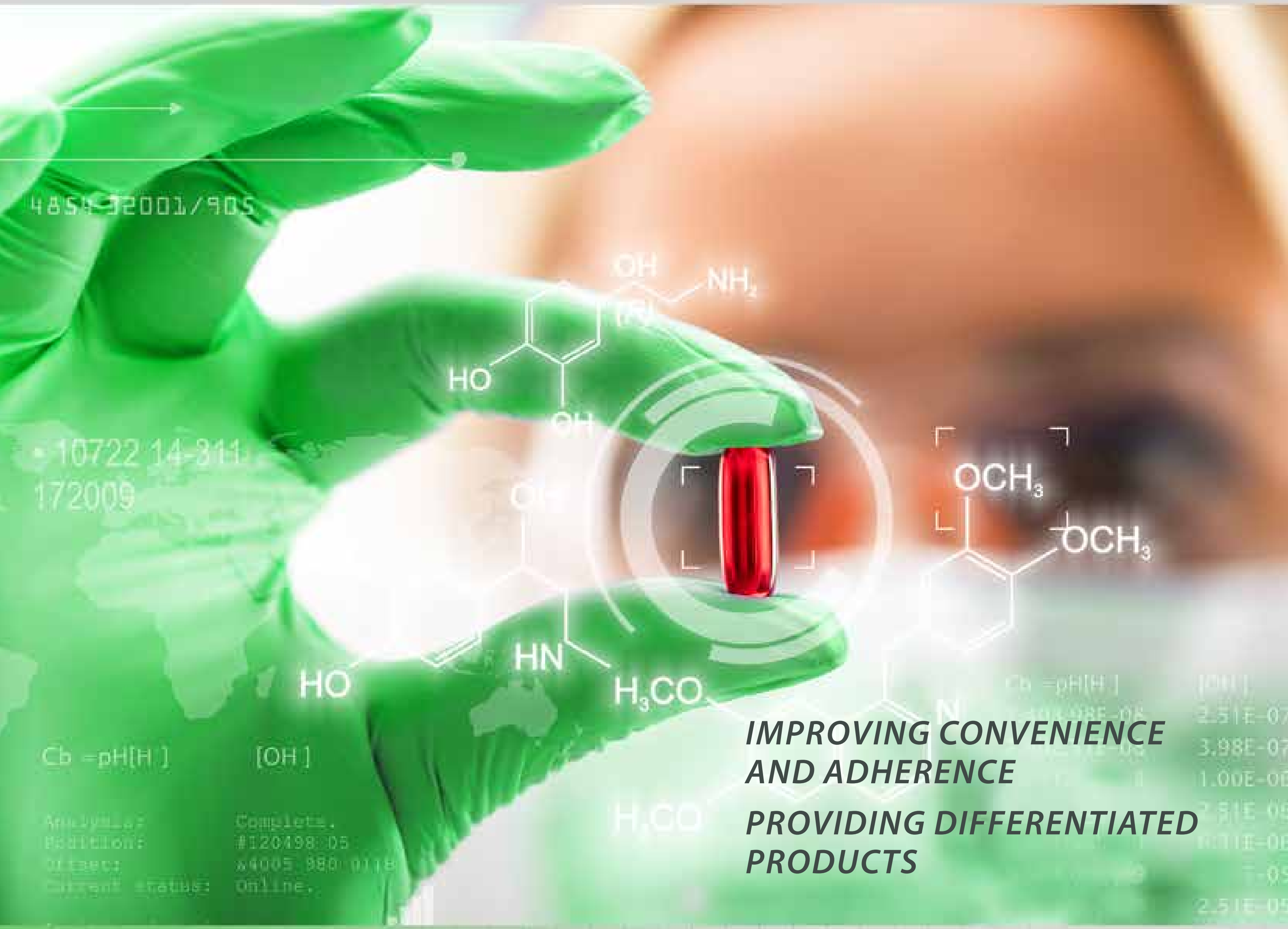
ANNUAL REPORT 2017-18

Zeal & Innovation in Medicine

INNOVATIVE DRUG DELIVERY SOLUTIONS



IMPROVING CONVENIENCE AND ADHERENCE

PROVIDING DIFFERENTIATED PRODUCTS

ZIM LABORATORIES LIMITED

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ZIM Laboratories Limited – At a Glance

ZIM Laboratories is a pharmaceutical company focused on providing innovative drug delivery solutions that improve convenience and adherence of drug treatment.

The Company's value proposition is its ability to provide a range of technology based drug delivery solutions and non-infringing proprietary manufacturing processes for development, manufacture and supply of innovative and differentiated generic pharmaceutical products to its customers globally.

ZIM acts as a "research centric" product development partner for its customers across several Pharmerging and RoW markets by providing a constant pipeline of therapy-agnostic finished and semi-finished pharmaceutical formulation products, using novel delivery solutions. It provides end-to-end support that includes:

- Product Development / Co- Development / Out-Licensing
- Country Specific Registration Dossiers
- Manufacturing and Supply
- Marketing Support

Our Capabilities
We have the ability to provide a range of technology based drug delivery solutions and non-infringing proprietary manufacturing processes for development.

Vision

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

Our Value Proposition

→ Ability to provide a range of technology based drug delivery solutions and non-infringing proprietary manufacturing processes for development.

→ Manufacture and supply of innovative and differentiated generic pharmaceutical products to its customers globally.

A Differentiated Product Portfolio

→ Pre-formulation Intermediates
- Pellets
- Taste Masked Powders/ Granules
- DC Granules

→ Finished Formulations
- Tablets
- Capsules
- Dry Syrups
- Oral Thin Films

Our End-to-End Support to Customers

→ Product Development / Co-Development / Out-Licensing

→ Country Specific Registration Dossiers

→ Manufacturing and Supply

→ Marketing Support

Key Objectives

- → Developing innovative process technology platforms which lend themselves to the development of useful dosage forms that make existing molecules more effective and useful
- → Developing cost-effective formulation for production of pre-formulation intermediates (PFI) and finished products using high end technology platforms
- → Developing eco-friendly materials and processes for the production of medicines
- → Innovative manufacturing processes which result into Affordability, Convenience and Differentiation

Installed Capacity
(Per Annum)

450 Metric Tons
DC Granules

300 Metric Tons
Pellets

12 Million
Bottles of Dry Syrup

2,030 Million
Tablets

324 Million Strips
Oral Thin Films

819 Million
Capsules

Our Winning Growth Strategy

a. Co-Development:

Entering into co-development and supply partnerships with Original Product Manufacturers and marketing companies globally across delivery platforms.

b. Semi-finished Formulations:

Foraying into the emerging and developed markets for the supply of semi-finished formulations, which are already being developed and marketed in RoW markets.

c. Formulations:

Initiating export of finished formulations through marketing partnerships in RoW markets.

d. OTC Products:

Entering the domestic institutional market with OTC products (pharmaceutical and neutraceutical) to be sold over the Internet.

Our Competitive Advantages

Unique R&D Focused Business Model	Assisting customers with product development, co-development, out-licensing; registration dossiers; manufacturing and supply; and marketing support
Strong IP Base	26 Inventions 53 Patent Filings 198 Product Registrations 368 Applied Registrations 159 Registrations in Pipeline
Proprietary Technology Platforms	• Solubility & Stability Enhancement • Taste Masking • Modified Release • Oral Thin Films Casting
Well-Diversified Customer Base	174 clients across 45 countries in Asia, Africa, CIS, LatAm, Middle East and SEA
Strong R&D Capabilities	• 100+ R&D team • EU-GMP & WHO-GMP approved manufacturing facilities • Manufacturing at a facility spread over 1,25,000 sq. ft. in Nagpur

Our Diversified Delivery Platform

Our Technologies

We have the ability to provide a range of technology based drug delivery solutions and non-infringing proprietary manufacturing processes for development.

Our Business Mix

By Value Added Products (%)

FY2015

Pellets/ODS/TMG/DCG	31%
Other Value Added Products	69%

FY2018

Pellets/ODS/TMG/DCG	56%
Other Value Added Products	44%

By Geography (%)

FY2015

India	67%
Asia (Ex India)	16%
Middle East	9%
Africa	8%

FY2018

India	43%
Asia (Ex India)	27%
Africa	19%
Middle East	10%
South America	1%

Our Journey of Evolution

1989 - 2000

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

2001-2012

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

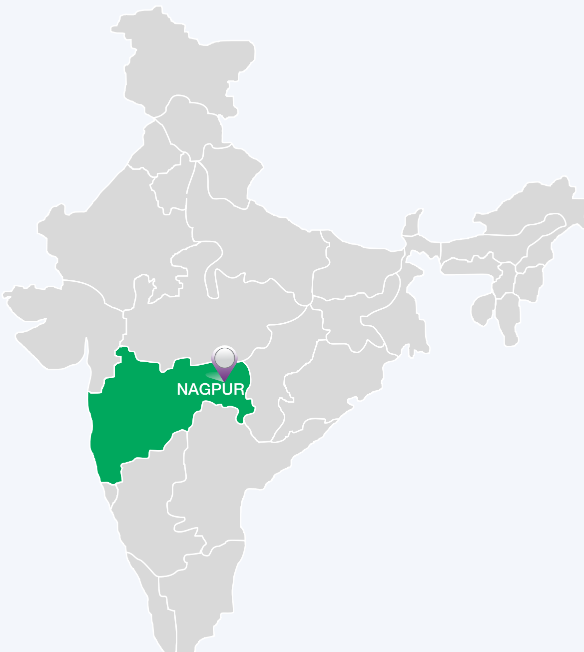
2012-2017

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

2017 Onwards

- Continued focus in its core PFI business – through new geographies, new customer relationships and new product pipeline for its business partners
- Growing its niche generic formulations business through registration, marketing, partnerships, and continued launch of products in MENA, SEA, Latin America and CIS countries
- Launch of OTF as an alternate drug delivery platform across RoW/ Emerging and Regulated Markets
- Invest in R&D to develop a pipeline of products with focus on developed markets and enhance capacity and flexibility by appropriate capex
- Create new technology platform to enable robust and cost effective manufacturing of large molecules, customised and low volume production of intelligent medicine targeted towards patient convenience and adherence

Our State-of-the-Art Manufacturing Facilities



Solid Oral Dosage (General) Facility

Manufacturing Capabilities	DC Granules, Tablets, Pellets, Capsules and Dry Syrup
Accreditations	EU-GMP, WHO-GMP, ISO 9001
Area	100,000 Sq. Ft.
Commenced Operations	1989
Manpower	266

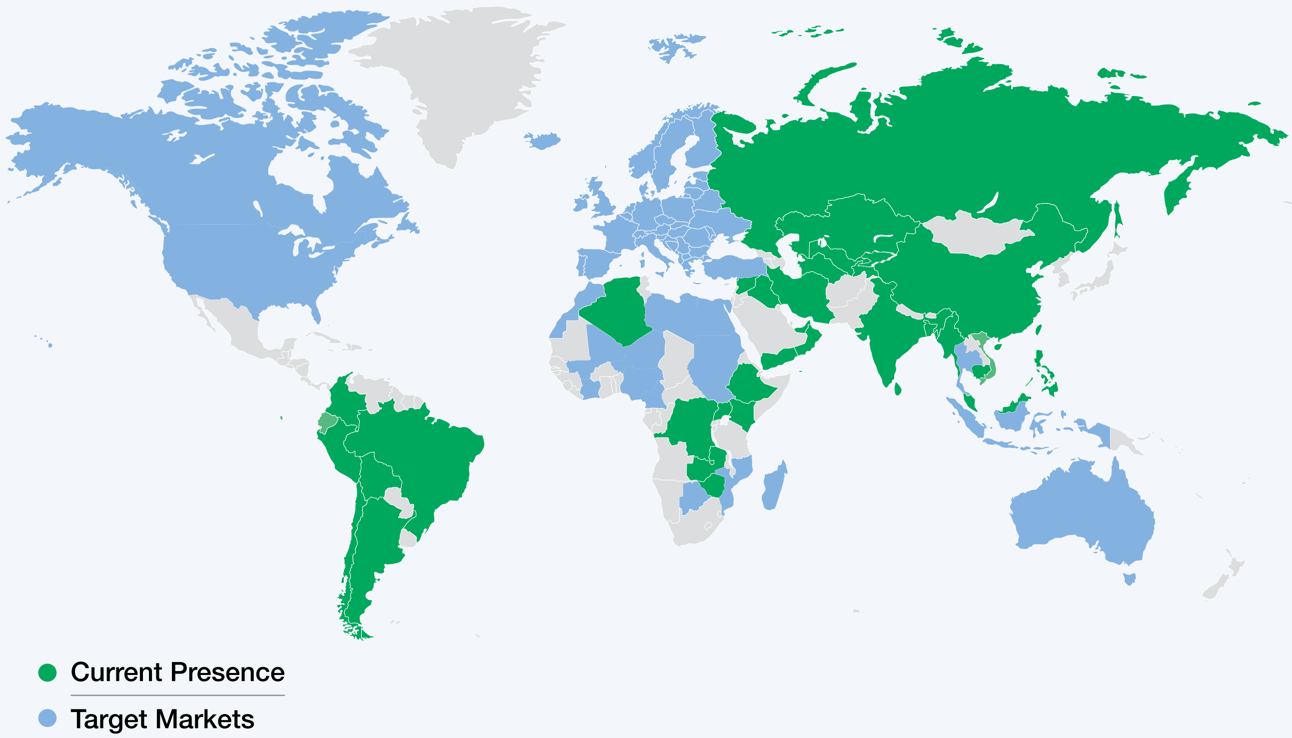
Solid Oral Dosage (Cephalosporin) Facility

Manufacturing Capabilities	DC Granules, Tablets and Capsules
Accreditations	WHO-GMP, ISO 9001
Area	16,000 Sq. Ft.
Commenced Operations	2011
Manpower	51

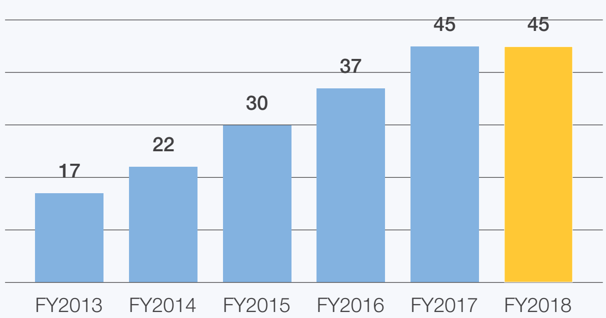
Oral Thin Film Facility

Manufacturing Capabilities	OTF
Accreditations	EU-GMP, WHO-GMP, ISO 9001
Area	6,300 Sq. Ft.
Commenced Operations	2015
Manpower	176

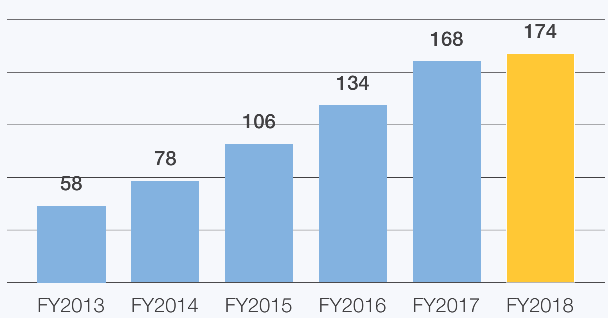
Our Business Diversification



Countries We Are Present In



Our International Clientele



Awards & Recognition

Fast Dissolving OTF was awarded as the
"**Best Innovation Development of a Solid Dosage Form"**
for the year 2016 by India Pharmaceutical Association.

Winner of
"**Excellence in R&D" Award** in
5th Annual India Pharma Awards, 2017.

Winner of
"Express Pharma Excellence in Exports Award"
by Indian Express Group, 2017.

Corporate Information

BOARD OF DIRECTORS

Dr. Anwar Daud
Chairman and Managing Director

Mr. Riazahmed Kamal
Director (Administration)

Mr. Zulfiquar Kamal
Director (Finance)

Mr. Prakash Sapkal
Director (Operations)

Mr. Niraj Dhadiwal
Director (Business Development)

Dr. Veerendra Parashar
Independent Director

Dr. Naresh Gaikwad
Independent Director

Mr. Suprakash Chakravarty
Independent Director

Mrs. Kavita Loya
Independent Director

Mr. Padmakar Joshi
Independent Director

LEADERSHIP TEAM

Dr. Anwar Daud
Chairman and Managing Director

Mr. Riazahmed Kamal
Director (Administration)

Mr. Zulfiquar Kamal
Director (Finance)

Mr. Prakash Sapkal
Director (Operations)

Mr. Niraj Dhadiwal
Director (Business Development)

Mr. Vijay Fudke
Senior Vice President, Technical Services

Mr. Pradeep Kataria
Senior Vice President, Operations

AUDIT COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

CSR COMMITTEE

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

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Piyush Nikhade

BANKERS

Bank of India
Shamrao Vithal Co-operative Bank Limited
ICICI Bank Limited

STATUTORY AUDITORS

Walker Chandiok & Co. LLP, Chartered Accountants

INTERNAL AUDITORS

Aneja Associates, Chartered Accountants

SECRETARIAL AUDITOR

Ms. Roshni Jethani
Company Secretary in Practice

REGISTRAR AND SHARE TRANSFER AGENT

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

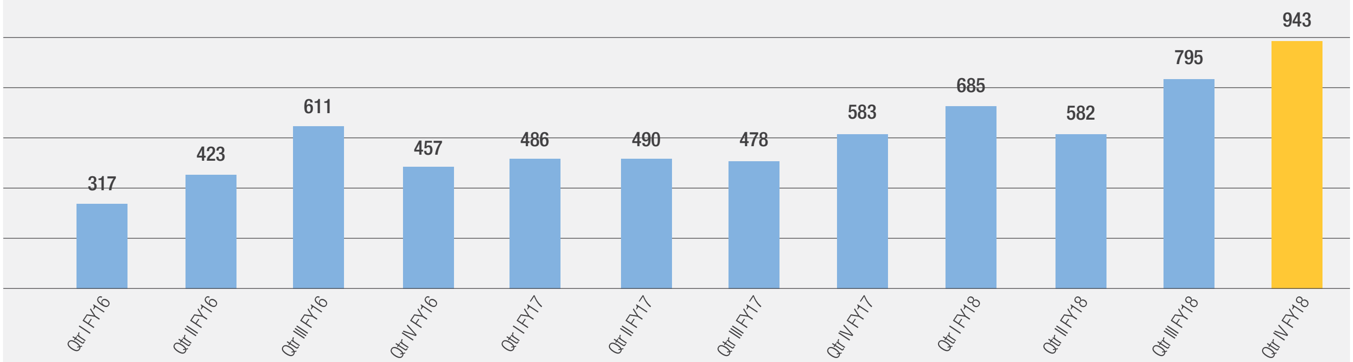
REGISTERED OFFICE

Sadoday Gyan (Ground Floor),
Opp NADT, Nelson Square,
Nagpur - 440013.
Tel: 0712-2588070

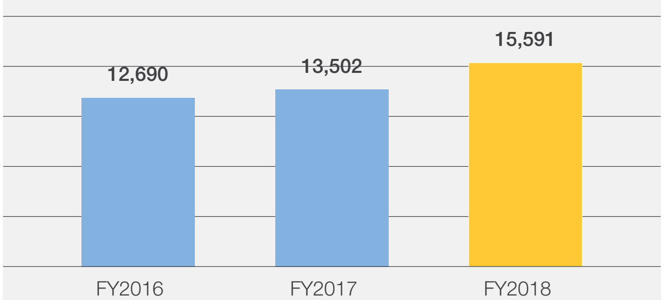
Website : www.zimlab.in
E-mail : cs@zimlab.in

How we Performed Over the Years

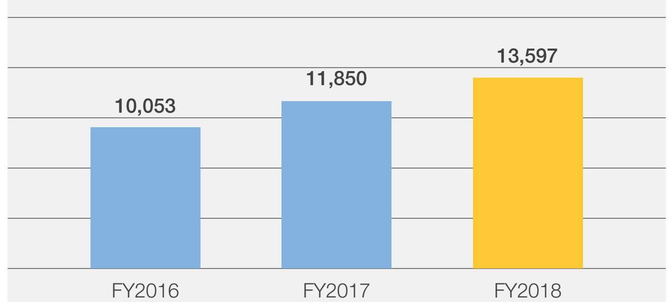
Growth in Formulations and OTF Business (QoQ) (In ₹ Lakhs)



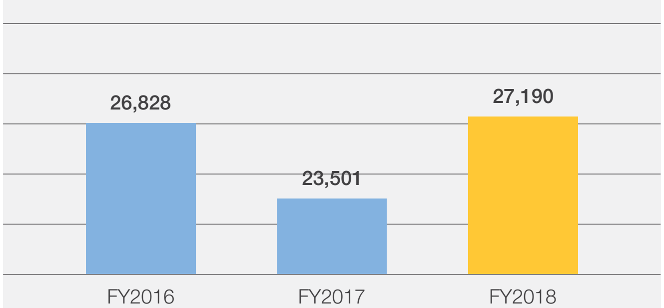
Growth in Exports (In ₹ Lakhs)



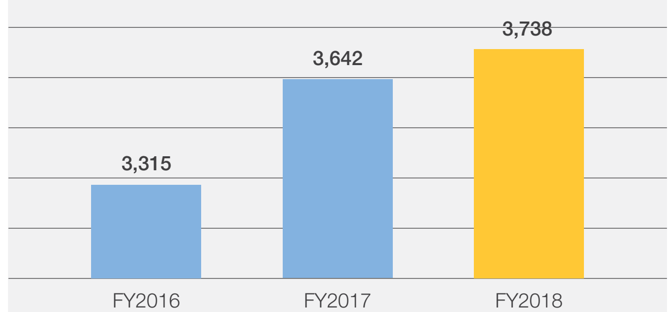
Networth (In ₹ Lakhs)



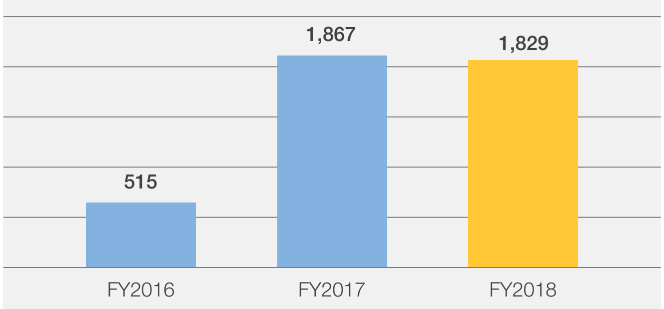
Revenue (In ₹ Lakhs)



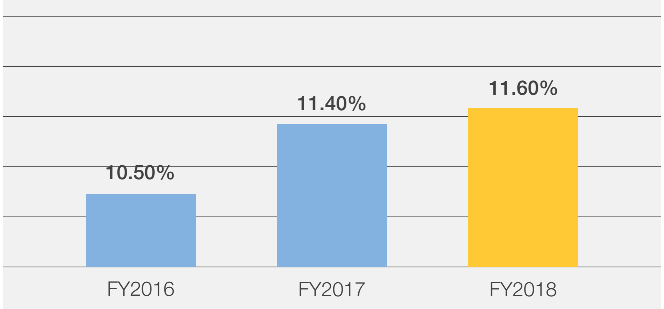
EBITDA (In ₹ Lakhs)



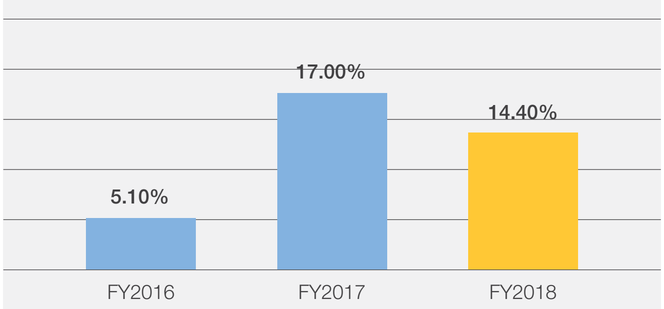
Profit After Tax (In ₹ Lakhs)



ROCE (%)



ROAE (%)



We managed to grow our exports by 15.5% at ₹ 156 crore, as compared to ₹ 135 crore in the previous year. Our strategy made us increase our focus on product differentiation and development of portfolio favouring complex generics, a relatively uncrowded space, that will continue to be our mainstay for FY2019.

CMD's Message to Shareholders

“

We work on a unique business model that provides B2B solutions to a targeted client base and local pharmaceutical companies in target markets. We have developed and commercialised the complex oral film technology and plan to launch multi-layer thin films that contain more than one API simultaneously.

Dr. Anwar S. Daud
Chairman & Managing Director

Dear Shareholders,

The year under review has been a successful one as we grew our business, increased profitability and advanced our key strategic initiatives. This enabled us to improve our competitiveness and enhance value for our shareholders. We maintained our leadership position in Oral Thin Films and remained focused on our vision to win new customers.

To begin with, we are pleased to share our immense satisfaction on the successful completion of our listing on the main board of the Bombay Stock Exchange on June 8, 2018. It was indeed a great moment for all of us at ZIM, to be listed on Asia's first and the fastest-growing stock exchange. I would like to place on record our heartfelt gratitude to you, our valued shareholders, who invested in our Company and have stayed with us through various business cycles. I would like to add a special note of appreciation for AA Capital Development India Fund, our Private Equity Investor, who helped us grow through its constant guidance over the last 5 years. The listing on BSE will surely enable our shareholders to benefit from the platform and realise their value.

Our Business Model

We have indeed come a long way since initiating our operations in 1989. Today, we are a specialty pharmaceutical technology company, specialised in Complex Generics and differentiated products that are based on proprietary Novel Drug Delivery Solutions (NDDS), that improve convenience and adherence of drug treatment. We develop and manufacture innovative and differentiated pharmaceutical products, and have now developed affordable orally disintegrating strips (ODS) formulations.

We work on a unique business model that provides B2B solutions to a targeted client base and local pharmaceutical companies in target markets. We have developed and commercialised the complex oral film technology and plan to launch multi-layer thin films that contain more than one API simultaneously.

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

Our Growth Strategy

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

Leaders in OTF

We have established ourselves as the market leaders in Oral Thin Film (OTF) technology in India and amongst a handful of OTF players globally. Our technology platform and portfolio consists of 19 applied product/process patents, with 24 DCGI products already approved and awaiting approvals for 14 products in India and 13 products overseas. Our OTF Technology has been awarded as the “Best Innovation Development of a Solid Dosage Form” in 2016 by the Indian Pharmaceutical Association. We are well positioned to capitalise on the growing OTF market globally.

Pharmaceutical Market – Global and Domestic

Globally, the pharmaceutical industry trends are driven by an aging population, changing lifestyles, hectic daily activities, unhealthy eating habits, and increased incidence of chronic diseases, providing growth opportunities to the industry players. The industry is engaged in discovery, development, manufacture and marketing of prescription drugs. However, the industry is bracing itself with some fundamental challenges due to increasing investment and stringent regulations and looking for newer ways to drive growth. Concerns related to quality, affordability and localisation by the various Governments and the public at large are creating uncertainties.

Genericisation, accompanied by fierce competition is resulting in rapid price erosion, impacting overall profitability and emphasising the risk related to new product development.

The domestic healthcare market is also on the cusp of a paradigm shift owing to new Government policies related to product promotional practices and emphasis on genericisation, coupled with the advent of large pharmacy chains, disruption of conventional distribution channels and introduction of the Goods & Services Tax (GST). Low cost of production and R&D boosts the efficiency of Indian pharmaceutical companies. India's ability to manufacture high-quality, low-priced medicines, presents a huge business opportunity for the domestic pharmaceutical industry, while increased regulatory tightening and generalisation create a challenge to the creative genius of our industry.

Our Scorecard

On the back of our strategy to focus on providing therapeutic agnostic drug delivery solutions for healthcare products in the Emerging and RoW markets, we have been able to stay away from some of the key challenges the industry faced in the past year. We managed to grow our exports by 15.5% at ₹ 156 crore, as compared to ₹ 135 crore in the previous year. Our strategy made us increase our focus on product differentiation and development of portfolio favouring complex generics, a relatively uncrowded space, that will continue to be our mainstay for FY2019. We will simultaneously continue to invest in R&D for development of products and solutions that will also be targeted for the developed markets.

Moving Ahead

Although our journey of the past 25 years has certainly been eventful, today we are at the beginning of another exciting adventure. Our transformation uniquely positions us to take advantage of the massive disruption and paradigm shifts taking place in the pharmaceutical business – globally and domestically. We have set up a new R&D centre and drug manufacturing facilities with the latest equipment in anticipation of the transformational work ahead.

Our destiny as an important player in pharmaceutical formulation business awaits us. Going forward, we have a proven business model, dedicated team, continuing strong underlying growth and significant potential. We have crafted a differentiated and winning strategy to sustain our out-performance. We have been leveraging our innovation capabilities in novel manufacturing processes, increasing production volumes, reducing our manufacturing costs and widening global market reach. As we build on our advantages, we remain focussed on growing our business in the target markets.

15.5%

YoY Growth in Exports in FY2018

Finally, I wish to place on record our thanks for the advice and direction provided by our excellent Board, the constant efforts and contributions made by our Management Committee and Members of the ZIM Family, and our loyal venders. Most of all, we would like to thank our valued customers, Bankers and other stakeholders, for providing their loyal support.

On behalf of the management and the Board of Directors, I again wish to thank all our staff, shareholders, business partners and associates for their continued commitment and support to ZIM Laboratories Limited.

Thank you for being a part of our on-going success story.

Best Wishes,

Dr. Anwar S. Daud
Chairman & Managing Director

Our Board of Directors

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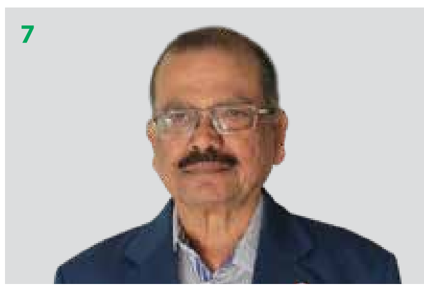

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1. Dr. Anwar Daud

Chairman & Managing Director

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

2. Zulfiquar Kamal

Director (Finance)

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

3. Riazahmed K. Kamal

Director (Administration)

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

4. Niraj Dhadiwal

Director (Business Development)

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

5. Prakash Sapkal

Director (Operations)

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

6. Dr. V. V. Parashar

Independent Director

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

7. Dr. Naresh Janardan Gaikwad

Independent Director

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

8. Suprakash Chakravarty

Independent Director

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

9. Padmakar S. Joshi

Independent Director

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

10. Mrs. Kavita Loya

Independent Director

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

Creating Drug Delivery Solutions through Research & Development

"We are an innovation driven and client-focussed organisation. Our approach to research and development is strategic to our business model and success. In FY2018, we invested ₹ 15 crore, more than 5% of revenues, towards various R&D programmes. Much of this investment contributed towards strengthening our research infrastructure and complying with regulatory norms.

100+
R&D Professionals including 9 PhDs

42
Different products including 8 OTFs commercialised in the last 18 months

53
Patents filed globally

We have an independent Research & Development centre recognised by Department of Scientific & Industrial Research, Government of India. This state-of-the-art centre, spread across an area of 7,800 sq. ft., possesses an exceptionally brilliant R&D professionals. The R&D centre is dedicated to make ZIM a "Process Innovation Company" in the area of solid dosage forms. It serves as the originator of several process technology platforms and is responsible for creating a significant value difference between ZIM and other solid dosage form manufacturing companies. The focused efforts over the years have resulted in a huge library of differentiated and complex generic products.

Continuous research is being carried out in the area of solubility improvement, stability enhancement, taste masking, MUPS, and nanotechnology, among others. Recently we added a completely indigenously developed technology for manufacturing oral thin films to our portfolio. Along with adding more products to the existing drug delivery process platforms, we are also developing new routes for solid dosage products such as Buccal or Sublingual, especially for large molecules. At ZIM, we ensure that we continue to have a deep pipeline of products in both PFI and finished formulation space even in future.

The R&D centre offers a PhD program affiliated to Rashtrasant Tukadoji Maharaj Nagpur University. We also work in collaboration with several national and international research institutes for developing differentiated products and innovative process technology platforms.

Expanding our Product Basket for Strategic Markets

Recently, our R&D centre has been strengthened with the addition of qualified and experienced Scientists, Formulators, analysts and high end scientific equipment. The Centre is now ready to develop products for the regulated markets. We are making strategic investments in Bioequivalence/ Clinical and stability studies based on the requirements of target markets. Our R&D team is constantly engaged in creating more and more multiple technology based delivery solutions based on non-infringing processes.

New Registrations and Technology Transfer

Our R&D efforts have resulted in a large pipeline of patents and product registrations. There are 42 different products, including 8 OTFs, that were commercialised in the last 18 months. The Company has 53 patents filed globally, including 24 in OTF. We are in the process of developing non-infringing or proprietary processes for differentiated generics, and a pilot plant for pre-commercialisation testing and technology transfer. We are also developing Dossiers and Product Registration / Filings across multiple markets.

Our State-of-the-Art R&D Facilities

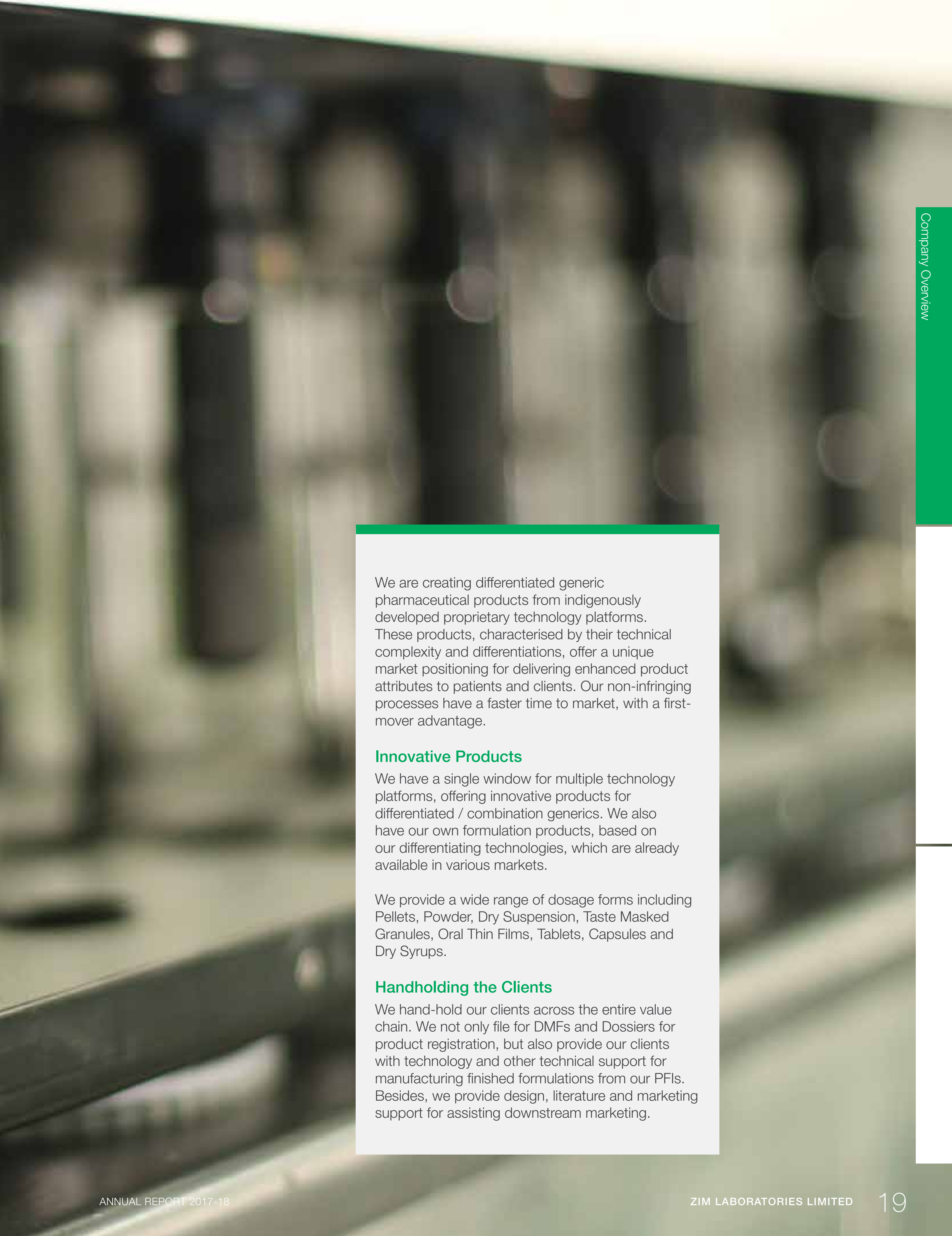
- → Accredited Research Centre and prestigious University collaborations
- → EU-GMP, WHO-GMP accredited and registered manufacturing facilities

Bridging the Technology Gap for our Clients

> "We have positioned ourselves as a high-end pharmaceutical product development partner for local players in Tier III Pharmerging and ROW markets, thus providing them with the ability to compete with complex generics containing portfolio in their local markets.

Our Technologies:

- Modified Release
- Dosage Transformation
- Solubility Enhancement
- Taste Masking
- Stability Enhancement



We are creating differentiated generic pharmaceutical products from indigenously developed proprietary technology platforms. These products, characterised by their technical complexity and differentiations, offer a unique market positioning for delivering enhanced product attributes to patients and clients. Our non-infringing processes have a faster time to market, with a first-mover advantage.

Innovative Products

We have a single window for multiple technology platforms, offering innovative products for differentiated / combination generics. We also have our own formulation products, based on our differentiating technologies, which are already available in various markets.

We provide a wide range of dosage forms including Pellets, Powder, Dry Suspension, Taste Masked Granules, Oral Thin Films, Tablets, Capsules and Dry Syrups.

Handholding the Clients

We hand-hold our clients across the entire value chain. We not only file for DMFs and Dossiers for product registration, but also provide our clients with technology and other technical support for manufacturing finished formulations from our PFIs. Besides, we provide design, literature and marketing support for assisting downstream marketing.

Creating Sustainable Advantage through an IPR Rich Business Model

"We work on a unique business model which provides B2B solutions to a targeted client base and local pharmaceutical companies in the Pharmerging and RoW markets.

We have an Intellectual Property Rights (IPR) driven business model, which involves helping our customers with product development and out-licensing, registration dossiers, manufacturing and supply, and marketing support. Our business model makes us immune to the headwinds currently faced by Indian formulation companies. Our main purpose is to assist local companies in target markets by bringing innovative delivery science to them, thereby creating a long-term sustainable advantage.

Many of our customers have been partnering with us for more than a decade. We have a robust pipeline of differentiated products for the regulated markets, which are currently under development.

Our Strong IP Base

26
Inventions

53
Patent Filings

368
Applied Registrations

198
Product Registrations

159
Registrations in Pipeline

Our Development Pipeline in Oral Thin Films

Product Code	Therapeutic Segment	Market Size (In US$ Million)	Development Status			
			Pre-Formulation	Formulation Development	Clinical	Regulatory
A00838	Urology	3,500				
A00692	Urology	4,000				
A00121	Anti-Migraine	300				
A00773	Anti-Migraine	200				
A00836	Anti-Emetic	700				
Z00561	Analgesic	900				
Z00375	Analgesic	2,000				

Crafting Winning Strategies to sustain Out-Performance

> Over the years, we have been leveraging our innovation capabilities in chemistry, increasing production volumes, reducing manufacturing costs and widening our global market reach. As we build on our competitive advantages, we are focused on growing our business in certain target markets.

We have a winning strategy that is helping us grow our business. This includes the ability to offer cutting-edge products, different from those manufactured by our customers. This is supported by our best-in-class systems, our best practices and processes, and our strong brand built around quality.

Our Winning Strategies:

Co-development – Particularly in OTF

We are entering into product co-development and supply partnerships, with Original Product Manufacturers and Marketing Companies globally across delivery platforms. As a prime example, we are using Thinoral as an alternate delivery platform for extending the product lifecycle and for specific customer targeting.

Semi-Finished Formulations

We continue our foray into the emerging and developed markets for the supply of semi-finished Formulations, which are already being developed and marketed in RoW markets.

Formulations

We are initiating the export of finished formulations through marketing partnerships in RoW markets – SE Asia, MENA, CIS, Africa and LATAM. Our attempt will be to keep registration, marketing rights and brands directly or indirectly within our fold, while not investing in establishing a salesforce or in promotions.

Over the Counter (OTC) Products and Private Institutional Business

We are making inroads into domestic institutional market (hospital & pharmacy chains) and OTC products that can be sold over the internet. This also includes selected OTC Pharmaceutical and Nutraceutical Products that showcase our technical expertise.

Enhance Capacity and Flexibility in Operations

We are adding small batch manufacturing (SBM) facilities for promoting our formulations business and supporting clients for various markets with small, but high value, order quantities and also for technology transfer from R&D.

Developing Products – Developed Markets

We have a presence in the international markets in South East Asia, Latam and MENA countries. We are investing in R&D infrastructure, team, process, systems and studies that assist in our plans of registration and supply of differentiated generic products across developed markets. We are introducing high margin differentiated generic formulations in the emerging markets and RoW. We are also investing in marketing partnerships across the strategic export markets.


Omeprazole Capsules 20 mg
OMEJEE +
ZELOMAC
SUPRACT 200
ZIMOXACIN
MOCID 40
RICOX 90
VALSAM
LOSALIP 25
LOSALIP 50
ROZDAY 10
ROZDAY 20
CARVEZIM 25
TLOCIN-0.4
CARMED
ZIMCET
LEFLOZIM 500
LIPIZAR 20
OMEZOLE 20
ZIMOCID 40
FECK SR 200
THERADROX
Clarilet

Management Discussion and Analysis

The Indian economy has been bolstered by strong performance in construction, manufacturing and public services, showing a persistent revival trend. With this performance, India retained its ranking as the world's fastest-growing major economy, out-pacing China.

Economy Overview

With strong growth potential projected for the coming years, the Indian economy continues to be the flag-bearer for economic expansion in the global landscape. The government has made significant progress on important economic reforms, which will support strong and sustainable growth going forward. The implementation of the goods and services tax, which has been in the making for over a decade, will help raise India's medium-term growth by enhancing the efficiency of production and the movement of goods and services across Indian states.

India's economy temporarily decelerated, nevertheless, it remained the second-best performer amongst major countries, with strong macro-economic fundamentals. This interim deceleration was primarily caused by the demonetisation measures and the introduction of the Goods and Services Tax (GST). In the second half, the scenario improved significantly and India jumped 30 spots on the World Bank's Ease of Doing Business rankings, while similar actions to liberalise the foreign direct investment (FDI) regime helped increase flows by 20%. *(Source: Economic Survey, 2017-18)*

India's Gross Domestic Product (GDP) grew by 6.7% in FY2018. The economy has been bolstered by strong performance in construction, manufacturing and public services, showing a persistent revival trend. India retained its ranking as the world's fastest-growing major economy, out-pacing China by nearly a percentage point. Inflation, both CPI and WPI remained under control for the entirety of FY2018. Assuming a normal monsoon and no major policy reforms, CPI is estimated to remain stable. However, rising crude oil and commodity prices may affect the inflation outlook.

Looking ahead, India's economic growth is expected to gather momentum in FY2019, aided by a conducive domestic and global environment. The factors that are expected to help the economy in achieving stronger growth are the effective implementation of GST; an improved credit off-take; a large resource mobilisation from the primary market, strengthening investment activity; and the acceleration of global trade growth. In addition, the thrust on rural and infrastructure sectors in the Union Budget FY2019 is expected to rejuvenate rural demand. In line with this positive economic development outlook, the International Monetary Fund (IMF) has projected India's economy to grow by 7.4% in FY2019.

6.7%

India's GDP Growth in FY2018

Industry Overview

Indian Pharma Sector Overview

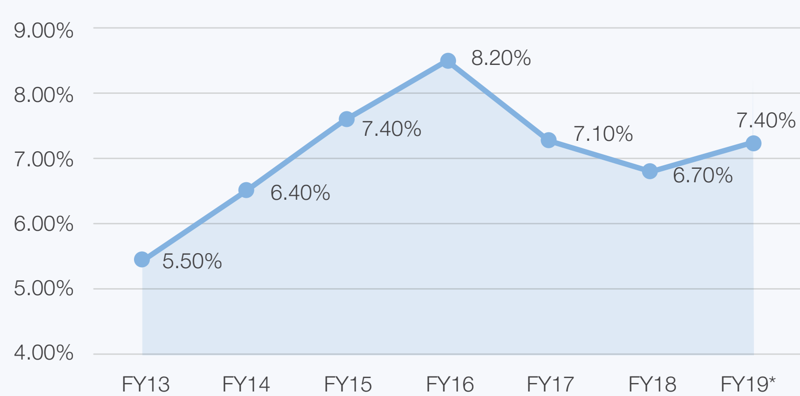
The country's pharmaceutical industry is expected to expand at a CAGR of 12.89% over 2015–20 to reach US$ 55 billion. India is the 2nd largest contributor of global biotech and pharmaceutical workforce. By 2020, India is likely to be among the top three pharmaceuticals markets by incremental growth and 6th largest market globally in absolute size. India's cost of production is significantly lower than that of the US and almost half of that of Europe. It gives a competitive edge to India over others. Investment (as % of sales) in research & development by Indian pharma companies increased from 5.5% in FY2011 to 9% in FY2017.

Formulations Market

India is the largest exporter of formulations in terms of volume, with 14% market share and 12th in terms of export value. Drug formulation exports from India reached US$ 12.91 billion during FY2018. The domestic market is currently valued at US$ 11.2 billion. Double-digit growth is expected over the next five years.

Source: IBEF Pharma Sector Report April 2018

India's Rising Economic Growth (%)



Source: Central Statistical Organisation; Data for FY19 is based on IMF's projection for India's GDP Growth

Novel Drug Delivery Systems (NDDS)

Novel Drug Delivery System (NDDS) refers to the approaches, formulations, technologies, and systems for transporting a pharmaceutical compound in the body as needed to safely achieve its desired therapeutic effects. It may involve scientific site-targeting within the body, or it might involve facilitating systemic pharmacokinetics; in any case, it is typically concerned with both quantity and duration of drug presence. NDDS is a system for delivery of drug other than conventional drug delivery system. NDDS is a combination of advance techniques and new dosage forms which are far better than conventional dosage forms.

India is the largest exporter of formulations in terms of volume, with 14% market share and 12th in terms of export value. Drug formulation exports from India reached US$ 12.91 billion during FY2018.

US$
12.91 Billion
Drug Formulation Exports from India in FY2018

Advantages of Novel Drug Delivery System:

- Optimum dose at the right time and right location
- Efficient use of expensive drugs
- Excipients and reduction in production cost
- Beneficial to patients
- Better therapy
- Improved comfort and standard of living

Basic Modes of Novel Drug Delivery System:

- Targeted Drug Delivery System
- Controlled Drug Delivery System
- Modulated Drug Delivery System

Some factors affecting the design of controlled release products are: Physicochemical properties of a drug, Route of administration, Acute / Chronic therapy, Target sites, The Patient, The disease state/level. NDDS based generic products can be developed only in three to four years with an investment of US$ 20-50 million with high rate of market return in contrast to US$ 800 million for development of new drug molecule by investing 10-12 years and still having higher probability of failure in clinical trials.

Source: Novel drug delivery systems: a futuristic view

NDDS Industry Outlook

The global novel drug delivery systems (NDDS) in cancer therapy market is expected to reach US$ 26.61 billion by 2025. The market is primarily driven by global rise in incidence of cancer, increase in research activities for developing novel drug delivery technologies, and availability of research funding for ongoing projects.

Many key players in this market are investing in R&D of novel and advanced products. This can also be attributed to increase in patent expirations. For instance, the R&D expenditure of Celgene Corporation increased from US$ 3,697.3 million in 2015 to US$ 4,470 million in 2016. Increase in R&D spending was directed toward enhancing product pipeline and for regulatory approvals of new products.

In addition, rise in healthcare expenditure for diagnosis and treatment of cancer and awareness about alternative therapies are expected to boost market growth. Improvement in healthcare infrastructure in developing nations and increase in awareness about new treatment methods for cancer are also anticipated to propel the market during the forecast period.

North America held the largest market share in 2016. Local presence of a large number of manufacturers, ongoing regulatory approvals for new drugs, and availability of research funding for new methods of treatment for this disorder are key factors that can be attributed to this region's dominance in the global market.

However, Asia Pacific is expected to grow at the highest rate during the forecast period. This can be attributed to rise in initiatives that boost cancer research projects, increase in healthcare expenditure for cancer therapy, improvement in healthcare infrastructure, large geriatric population base, and rise in awareness owing to medical conferences and meetings in the region.

Growing prevalence of chronic diseases, drug innovation, and the rising biologics market is also contributing to the growth of novel drug delivery systems market. According to data published by Fraser Institute Canada in July 2016, around 22% of overall sales of pharmaceutical firms in 2013 and expected to reach 32% by 2023 globally. The global spending on biologics has increased by 7% as compared to previous year.

Source: Novel Drug Delivery Systems in Cancer Therapy Market Analysis By Product, By Region And Segment Forecasts, 2014 - 2025

Oral Thin Films (OTF)

The demand for novel drug delivery system such as thin film drugs is rising due to its highly clinical efficacy and effectiveness against diseases. For instance, SUBOXONE film has attracted substantial market attention due to its innovative offerings, which resulted into market shift from SUBOXONE tablet to SUBOXONE film.

Need for development of novel polymeric thin films as a drug delivery platform is due to various undesirable disadvantages associated with conventional and regular traditional dosage forms such as lower bioavailability, inconvenience of administration, patient noncompliance, etc. Various research organisations and healthcare companies are heavily involved in studying for a better outcome through thin film drug delivery system.

The companies are involved in designing and developing a wide range of thin films for sublingual, buccal, oral, transdermal, and ocular routes. For instance, the oral thin film market has approximately 10 prescription products and 29 such products are in the pipeline. High revenue margin, low manufacturing cost, high therapeutic output, and comparatively less populated market has led the thin film drug manufacturing market to attract the attention of various pharmaceutical companies. Moreover, in 2013, companies such as Actavis, Par, Alvogen, Teva, Sandoz, and Mylan applied for generic versions of SUBOXONE film in the U.S.; however, the early approval before patent expiry was not issued by the FDA.

The demand for novel drug delivery system such as thin film drugs is rising due to its highly clinical efficacy and effectiveness against diseases.

Market Value Share % by Product Type (2015)

Revenue : 7,337.8 US$ Million

Transdermal Thin Film	75.8%
Oral Thin Films	22.5%
Others (Ocular Thin Film, etc.)	1.79%

Market Value Share % by Disease Indication (2015)

Revenue : 7,337.8 US$ Million

Schizophrenla	33%
Migraine	11%
Opiold Dependence	24.1%
Nausea & Vomiting	3.1%
Others	28.9%

Market Value Share % by Distribution Channel (2015)

Revenue : 7,337.8 US$ Million

Hospital Pharmacies	40.1%
Drug Stores	29.9%
Retail Pharmacies	20.0%
E-Commerce	10.0%

Market Value Share % by Region (2015)

Revenue : 7,337.8 US$ Million

North America	66.0%
Europe	17.3%
Latin Americas	1.7%
Asia Pacfic	10.1%
Middle East & Africa	4.80%

Company Overview

We are a specialty pharma R&D company focused on complex generics products based on proprietary Novel Drug Delivery Solutions. We own a strong IP base and a unique R&D focused business, aiding our customers in product development; registration dossiers; manufacturing and supply; and marketing support. Our differentiated product portfolio includes small formulation dosages, comprising tablets, powders, capsules and pellets.

In the past two decades, we have been working on developing innovative and differentiated pharmaceutical products or specialty generic complex drugs. We have already partnered with about ten pharmaceutical companies to license the technology besides selling own brands with thin films.

We have a unique R&D focused business model, which helps customers with product development and out-licensing, registration dossiers, manufacturing and supply, and marketing support.

Our Capabilities:

- → Selling 31 products in proprietary technologies (modified release and taste masking) to develop and manufacture differentiated pharmaceutical products
- → Strong R&D capabilities with a 100+ R&D team; employ about 118 drug researchers
- → EU-GMP, WHO-GMP approved manufacturing facilities spread across 125,000 sq. ft. in Nagpur
- → Well-diversified customer base of 174 clients across 45 countries in Asia, Africa and Middle East
- → ISO 9000:2008 certified company

Our Business Mix

	FY2015	FY2018
Export	33%	57%
Deemed Export	21%	19%
Domestic and Others	46%	24%

Value Creation through New Initiatives

a. Development of oral soluble strips

We are also a pioneer in the Oral Thin Film (OTF) technology in India, developed affordable orally disintegrating strips (ODS). This is used by a reputed and well diversified customer base and with strong R&D capabilities. Our formulations are of 100 mg that critically ill and bed-ridden patients can consume, instead of swallowing tablets and taking painful injections. These films, based on a patented oral thin film technology, adhere to the tongue mucosa and disintegrate almost instantaneously, when placed on the tongue. By virtue of our technology, we are able to offer this product at a price almost at that of an oral tablet.

We have a proprietary technology platform for oral thin films, solubility and stability enhancement, taste masking and modified release. Our OTF Technology is patented as Thinoral® with 19 applied product/ process patents globally. We have received 24 DCGI product approvals and are awaiting 14 in India and 13 product approvals overseas. Our OTF technology is used by Mankind Pharma, RPG, Dr. Reddy's, Sun Pharma, Eisai, Delvin formulations, Corona Remedies, and Indiabulls Pharmaceuticals, among others.

b. OTF with dose combinations

In association with a leading pharma company, ZIM will soon launch multi-layer orally soluble thin films that can carry dosages above 100 mg. It is in advanced stages of further researching the product to launch thin films with fixed-dose combinations and liquid drugs, 3D printed tablets for personalised medicines and nano-fiber based complex generics. We see this as a niche area with an opportunity to develop greater value to patients and customers.

We have a proprietary technology platform for oral thin films, solubility and stability enhancement, taste masking and modified release.

Our Installed Capacity (Per Annum)

450 Metric Tons
DC Granules

300 Metric Tons
Pellets

12 Million
Bottles of Dry Syrup

2,030 Million
Tablets

324 Million Strips
Oral Thin Films

819 Million
Capsules

198

Formulations Registered in Various Markets

Our Value Proposition

- → Ability to provide a range of technology based drug delivery solutions and non-infringing proprietary manufacturing processes for development.
- → Manufacture and supply of innovative and differentiated generic pharmaceutical products to its customers globally.

A Differentiated Product Portfolio

- → Pre-formulation Intermediates (Pellets, Taste Masked, DC Granules)
- → Finished Formulations (Oral Thin Films, Tablets, Capsules, Dry Syrups)

Our R&D Patents

→ 26 Inventions with 53 Filings Worldwide

→ Registered >190 Formulations in Various Markets

Dosage Form	Patent Filings	Dosage Form	Formulation Registrations
OTF	24	Capsules	35
Pellets/Capsules	23	OTF	14
Suspensions	2	Suspension	7
Tablets	4	Tablets	139
		Gels, Liquids, Sachets	3
Total	**53**	**Total**	**198**

End-to-End Support to Customers

- → Product Development / Co- Development / Out-Licensing
- → Country Specific Registration Dossiers
- → Manufacturing and Supply
- → Marketing Support

Our Objectives

- → Developing innovative process technology platforms which lend themselves to the development of useful dosage forms that make existing molecules more effective and useful.
- → Developing cost-effective techniques for the production of high technology content Pre-Formulation Intermediates (PFI) and finished products.
- → Developing eco-friendly materials and processes for the production of medicines.

Our multi-pronged growth strategy comprises of developing new technology platforms and differentiated generic products for itself and under license arrangement.

Strong IP Base

- 26 inventions
- 53 Patent Filings
- 198 Product Registrations
- 368 Applied Registrations
- 159 Registrations in Pipeline

Our Exports Business

We primarily cater to the export market and have a growing presence in the developing economies of Africa and Asia. At ₹ 156 crore, exports contributed 57% to our total revenues of ₹ 272 crore in FY2018. It had contributed about 56% of our revenues in FY2017 and 46% in FY2016. This has partly offset the significant revenue volatility in the domestic tender based business arising from sale to various government bodies, State Government hospitals, railway boards and municipal corporations.

Our Competitive Strengths

Focused on NDDS segment	We have created a long-term Sustainable Advantage by focusing on Novel Drug Delivery Solutions (NDDS) segment through continuous innovation and development of non-infringing technology platforms and supply of high quality products at competitive prices.
Unique business model	Our unique business model helps customers to bridge the "Technology Gap" created by competing with MNCs, resulting in long-term dependence on us for their pipeline and supplies. Besides developing and supply of products, we also provide extensive technical, registration and marketing support to the customers.
Innovative and differentiated product portfolio	We supply a wide range of solid dosage differentiated products across various therapeutic segments. We are pioneers in the OTF technology in India and focused on growing the platform, in partnership with marketing companies and product originators.
Extensive R&D Capabilities	We have a state-of-the-art R&D centre with a team of over 90 R&D professionals. We are setting up a new R&D centre with team, equipment and capabilities targeted for the developed markets.
Technocrat Promoter and Professional Management	We are led by an experienced technocrat supported by a well-qualified professional management team.
State-of-the-art manufacturing set-up	We have 3 manufacturing blocks (General, Cephalosporin and OTF). Its General block is EU-GMP and WHO-GMP approved. Its Cephalosporin and OTF blocks are WHO-GMP approved. We are amongst the few companies in India to receive WHO-GMP approval for our OTF facility.
Multi-pronged strategy	Our multi-pronged growth strategy comprises of (a) developing new technology platforms and differentiated generic products for itself and under license arrangement (b) manufacturing and supply of finished and semi-finished formulations for RoW and emerging markets (c) development of the Thin Film as an alternate delivery platform across all markets.
Robust Financials	We are combining exciting innovation in our core areas with sound financial practices. We have been consistently improving our EBIDTA margin in the last few years on account of continued focus on high margin business. We are de-risking overall business by increasing geographical footprint, along with product and technology portfolio.

Key Concerns

1. Regulatory risks in domestic and export market

   We are exposed to regulatory risks in the domestic market as also in countries to which we export, i.e. Algeria, Iran, Bangladesh, and Sri Lanka, which constitute 52% to total revenues in FY2018. However, the same is mitigated to an extent since we have been engaging with these customers and countries for the last 30 years.

2. Highly fragmented and competitive industry

   The pharmaceutical formulations industry has a large number of players which makes this industry highly fragmented and intensely competitive. We are a moderate-sized player, thereby limiting our bargaining power and pricing pressure, compared to well-established and larger players. However, our presence in the new drug delivery systems (NDDS) segment has enabled us to partially offset competitive pressures. Further, we undertake regular research and development to improve our product offerings and thereby our bargaining power.

Awards & Recognition

ZIM's Fast Dissolving OTF was awarded as the Best Innovation Development of a Solid Dosage Form in 2016 by India Pharmaceutical Association.

Recognitions:

- DSIR-Recognised Research Centre
- Publications in Leading Research Journals
- Excellent academic linkages
- Recognised centre for Higher Learning (PHD programs by Nagpur University)
- Experienced and Qualified Research Team

Research & Development

In addition to product development and dosage form design, the Company engages in research and development activities related to the development of platform technologies, complex generics and innovation in machines and its customisation for the improvement of its product quality. The Company utilises its research and testing capabilities to expand in niche segments and complex generics, and it expects to continue to be a leading manufacturer of medicines.

Information Technology

As ZIM is a cutting-edge pharma tech company, the management has made sure that latest tools and technology have been deployed in managing the day-to-day operations. The Company runs on an integrated ERP platform which connects all the aspects of R&D and manufacturing businesses. This includes QC, QA, R&D E-Lab Notebooks, Raw Materials Management, Production Planning and Inventory Control, Complex Batch Production Planning having one input raw material and multiple output SKUs, HR Management, Accounts & Finance, and Sales & Marketing, among others. External vendors and customers can seamlessly connect to and be notified by the ERP via SMS, E-Mail and the Mobile App. This ensures smooth and transparent flow of information across all the stakeholders. Critical data is backed up at multiple DR sites to ensure business continuity at all times. The Company is moving closer to becoming more and more paperless by going digital in all aspects of its business operations. All this is being achieved without comprising on Data Security. Highly qualified staff and tools as well as computer system validation procedures have been deployed for continuously monitoring the movement of critical data and hardware security.

100+

Number of R&D Professionals

Human Capital

The Company, in line with its vision and objectives, continues to strengthen its human capital with the addition of new members at significantly senior levels and upgrading its HR processes to encourage the culture of its performance. The domain expertise of new members and the execution finesse of the old guard is working in tandem to improve the overall efficiencies and outcomes. The newly adopted Performance Enabling Process has brought in significant focus on achievement of pre-defined goals of each individual that are derived from the Company's goals at large. Innovation, Collaboration, Execution and Speed continue to be the cornerstones of the Company's working culture to achieve its objectives. As on March 31, 2018, the Company had 544 (Staff) employees on its rolls, compared to 489 (staff) employees as on March 31, 2017. Industrial Relations continue to be cordial.

Threats & Risks

The pharmaceutical industry continues to face significant challenges both in India and internationally with the volume and complexity of change having greatly intensified the implication of risk.

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

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

Internal Control Systems & Their Adequacy

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

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

Cautionary Statement

The document contains statements about expected future events, financial and operating results of ZIM Laboratories Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirely by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of ZIM Laboratories' Annual Report, FY2018.

The foundation for our internal controls is set by the risk management framework, financial control, internal audit and supporting policies.

Board Report

The Board of Directors of your Company has pleasure in presenting the Board Report pursuant to Section 134(3) of the Companies Act, 2013 comprising the prescribed particulars and information as per the Companies (Management and Administration) Rules, 2014 and Companies Accounts Rules, 2014 in respect of year ended 31.03.2018 as follows:-

a) Number of Meetings of the Board : 08

b) Directors' Responsibility Statement:-

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

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

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

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

iv) the directors had prepared the annual accounts on a going concern basis; 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 five Independent Directors namely - Dr. Naresh Gaikwad, Dr. V. V. Parashar, Mr. Suprakash Chakravarty, Mrs. Kavita Loya and Mr. Padmakar Joshi have given the required declaration under Sub Section 6 of Section 149 of the Act on 16.04.2018, 16.04.2018, 05.04.2018, 05.04.2018 and 16.04.2018, respectively.

d) Nomination and Remuneration Policy:-

The Company has constituted a Nomination and Remuneration Committee on 21.09.2017 consisting of the following members:-

i) Dr. V. V. Parashar – Chairman.

ii) Dr. Naresh Gaikwad

iii) Mrs. Kavita Loya

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

The criteria laid down in the Companies Act, 2013 and Rules framed thereunder are complied with while appointing the Directors particularly Independent Directors. The Nomination and Remuneration Policy has been formulated and approved by the Nomination and Remuneration Committee in its meeting held on 24.07.2018. Placed as Annexure (IV)

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

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

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

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

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

Related parties pursuant to Section 188 (1) During the year, no transaction with related parties was in conflict with the interests of the Company. All transactions entered into by the Company with related parties during the financial year were in the ordinary course of business and on an arm's length pricing basis. . Statements of transactions with related parties are periodically placed before the Audit Committee and are approved. Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC – 2, is appended herewith as Annexure V to the Board's Report.

h) The state of Company's affairs:-

The Company continues to progress in the direction of its strategy to emerge as an innovative drug delivery solution provider with differentiated products in the pharmaceutical market. Its recently developed proprietary and patented orally disintegrating film technology —Thinoral® has elevated the company to market leadership in the OTS technology and business in India. The company is now developing pharmaceutical and nutraceutical products using its Thinoral drug delivery platform for manufacture and supplies globally — particularly in the developed markets. Company has commercialized 18 OTF products.

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

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

The finished branded formulations export strategy for increasing company geographical footprint is taking shape and the company registered 38 products in 6 ROW and emerging markets during the year.

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

The R&D centre of company recognised by Department of Scientific and Industrial Research, employs more than 100 R&D Personnel working on developing proprietary innovative processes and platform technologies to overcome complex formulation challenges resulting in uniquely differentiated formulation products. It has filed during this period patents globally and registered several products in various geographies.

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

j) The amount of dividend payment recommended : ₹ 80.59 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
- Replaced high voltage motors with low voltage motors
- Power consumption by using Temperature Controller

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

B. Technology absorption :

i) The efforts made towards technology absorption:	41 products were added to the development pipeline of solid oral dosage forms of various molecules. 33 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/MUPs, DC granules, taste masked granules and orally disintegrating strips for gastro-intestinal, cardiovascular and urological disorders apart from antibiotics. 12 new products were successfully transferred from R&D to production floor. Comparative dissolution profiles were established against innovator products, Analytical methods were developed and validated for establishing the stability of these products over its shelf life.

ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	The above efforts helped Zim to maintain relevance with its existing clients and offering them value added products. Value was created by offering evaluation of Zim's product against innovator product, analytical data package, stability data package and clinical data package. New products helped Zim in geographic expansion into new markets. New products were offered to clients using indigenously developed technology. Alternate vendor development was initiated to mitigate cost fluctuations, risk of uninterrupted supply and the risk of sourcing API and excipients for top products.
iii)	In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):	
	a. The details of technology imported	NIL
	b. The year of import	NIL
	c. Whether the technology has been fully absorbed	Not applicable
	d. If not fully absorbed, areas where absorption has not taken place, and the reasons there of and	Not applicable
iv)	The expenditure incurred on Research and Development:	Revenue expenses – ₹ 937.37 lacs Capital expenses – ₹ 554.81 lacs

C) Foreign Exchange earnings and outgo :

i)	Foreign exchange earned during the year	:	₹ 14,222.30 lacs
ii)	Expenditure in foreign exchange	:	₹ 1,738.88 lacs

m) Risk Management Policy :

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

n) Corporate Social Responsibility (CSR) :-

The Company has re-constituted the CSR Committee on 21.09.2017 comprising the following Directors as the members:-

i) Mr. Suprakash Chakravarty – Chairman
ii) Mr. Padmakar S. Joshi
iii) Dr. Anwar Siraj Daud
iv) Mr. Zulfiquar M. Kamal

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%

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

o) Board Evaluation

Pursuant to the provisions of section 134(3)(p) of the Act read with rule 8(4) of the Companies(Accounts) Rules, 2014 an annual evaluation was carried out by the Board of its own performance as also of its committees and individual Directors. The evaluation was done by the Board after seeking inputs from all Directors, inter-alia covering different aspects viz. composition and structure of the Board, attendance including participation of the Directors at the Board and Committee meetings, observance of governance, quality of deliberation and effectiveness of the procedures adopted by the Board. In evaluating the performance of the individual Directors, criteria such as qualification, knowledge, attendance at meetings and participation in long term strategic planning, leadership qualities, responsibilities shouldered, inter-personal relationships and analytical decision making ability were taken into consideration. In Compliance with regulation 17(10) of the listing regulations, the Board carried out performance evaluation of Independent Directors without the participation of the Directors being evaluated.

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

p) Financial Highlights

(₹ in Lacs)

Particulars	2018	2017
Sales (Net)	27,189.84	23,501.31
Other Income	342.24	485.49
Gross Income before Interest and Depreciation	3,738.39	3,642.07
Less : Interest	934.39	981.89
Depreciation	978.95	902.25
Profit Before Exceptional items and Tax	1,825.06	1,757.93
Add : Exceptional item	586.30	-
Profit / (loss) before tax	2,411.36	1,757.93
Profit After Tax	1,828.78	1,866.67
Balance in Profit & Loss Account brought forward	6,072.24	4,323.14
Profit available for appropriation	7,901.02	6,189.81
Appropriation :		
Proposed Dividend	80.29	79.99
Corporate Dividend Tax	16.35	16.28
Transfer from other comprehensive Income	12.37	21.30
Transferred to General Reserve	-	-
Net Surplus in P & L A/c	7,792.01	6,072.24
Other adjustments	-	-
Total Reserves & Surplus	**12,790.54**	**11,046.90**

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.		Details are as follows :
	Sr. No.	**Name of Director/ KMP**	**Date of Appointment/ Resignation**
	1	Mr. Raghav Kapoor	12.09.2017 (Resignation)
	2	Mrs. Kavita Loya	21.09.2017 (Appointment)
	3	Mr. Padmakar Joshi	21.09.2017 (Appointment)
	4	Mr. R. A. Parasuraman, Company Secretary	01.09.2017 (Resignation)
	5	Mr. Piyush Nikhade, Company Secretary	01.09.2017 (Appointment)
s)	Names of Companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year.		Nil
t)	Details relating to deposits covered under Chapter V of the Act.		Company has not accepted any deposits during the year
u)	The details of deposits which are not in compliance with the requirements of Chapter V of the Act.		
v)	The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.		Nil
w)	The details in respect of adequacy of internal financial controls with reference to the financial statements		The details are separately covered under Management Discussion & Analysis Report.
x)	Details of Employee Stock Option Scheme		

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

a)	Option Granted	1,22,449
b)	Option vested	61,233
c)	Option Exercised	61,233
d)	The total number of shares arising as a result of exercise of option	61,233
e)	Option Lapsed	NIL
f)	The exercise price	₹ 10/-
g)	Variation of terms of options	NIL
h)	Money realised by exercise of option	₹ 6,12,330.00
i)	Total number of options in force	61,216
j)	Employee wise details of options granted to :	

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

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

During the year 2017-18 there has been no change in the paid-up capital of the company. The cost of turnover, the turnover and the profit calculated by conversion of amount expressed in AED in the subsidiary financial statement at exchange rate as on 31st March, 2018 are as follows:-

The cost of turnover	₹ 1,79,90,192.00
Turnover	₹ 2,70,03,907.35
Profit before tax for the year	₹ 82,21,302.46
profit for the year after other expenses	₹ 82,21,302.46

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

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2017-18.

No of complaints received : NIL

No of complaints disposed off : NIL

Disclosure under section 148 (1) of the Companies Act, 2013

The Company has maintained proper books of accounts as required pursuant to the Rules made by the Central Government for the maintenance of Cost records under sub-section(1) of section 148 of the Act in respect of Company's products.

EXTRACT OF THE ANNUAL RETURN IN FORM MGT-9:

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

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board of Directors

(Anwar Siraj Daud)
Chairman

Place : Nagpur
Dated : 14.08.2018

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 31.03.2018

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

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

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

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	**27,00,430**	**900**	**27,01,330**	**33.64**	**27,01,130**	**200**	**27,01,330**	**33.52**	0.00
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**27,00,430**	**900**	**27,01,330**	**33.64**	**27,01,130**	**200**	**27,01,330**	**33.52**	0.00

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	
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI) e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2	**27,00,430**	**900**	**27,01,330**	**33.64**	**27,01,130**	**200**	**27,01,330**	**33.52**	**0.00**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance	-	-	-	-	-	-	-	-	-
g) Companies	-	-	-	-	-	-	-	-	-
h) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture capital fund	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non- Institutions									
a) Bodies Corp.									
i) Indian	3,53,011	61,400	4,14,411	5.16	3,43,511	66,400	4,09,911	5.09	1.09
ii) Overseas	17,82,652	-	17,82,652	22.20	17,82,652	-	17,82,652	22.12	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	97,425	7,11,339	8,08,764	10.07	1,14,525	7,74,087	8,88,612	11.03	9.93

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	18,63,210	83,300	19,46,510	24.24	18,28,070	70,800	18,98,870	23.56	2.45
c) Others (specify)	-	-	-	-	-	-	-	-	-
(i) NRI	59,410	99,700	1,59,110	1.98	60,610	1,00,900	1,61,510	2.00	1.51
(ii) Foreign National	-	2,15,868	2,15,868	2.69	-	2,15,868	2,15,868	2.68	-
(iii) HUF	500	-	500	0.006	1,000	-	1,000	0.01	-
Sub-total (B)(2):-	**4156208**	**1171607**	**5327815**	**66.35**	**4130368**	**1228055**	**5358423**	**66.49**	**0.59**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-		-	-	-	-
Grand Total (A+B+C)	6856638	1172507	8029145	100.00	6831498	1228255	8059753	100.00	-

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Mr. Anwar Siraj Daud	2222720	27.683	00	2222720	27.578	00	00
2	Mrs. Tasneem Daud	5000	0.062	00	5000	0.062	00	00
3	Mr. Zulfiquar M. Kamal	199010	2.479	00	199010	2.469	00	00
4	Mr. Hasan Z. Kamal	17400	0.217	00	17400	0.216	00	00
5	Mrs. Sabbah Kamal	250000	3.114	00	250000	3.102	00	00
6	Mrs. Zahida Kamal	200	0.002	00	200	0.002	00	00
7	Mr. Shabbar Daud	7000	0.087	00	7000	0.087	00	**00**
Total		**2701330**	**33.644**	**00**	**2701330**	**33.516**	**00**	**00**

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2701330	33.644	2701330	33.516
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease(e.g. allotment / transfer/ bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	2701330	33.516	2701330	33.516

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**AA Development Capital India Fund 1, LLC**				
	At the beginning of the year	1782652	22.20	1782652	22.12
	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)	1782652	22.120	1782652	22.12
2	**Mr.Zakir Vali**				
	At the beginning of the year	1424570	17.74	1424570	17.68
	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)	1424570	17.68	1424570	17.68
3	**Bonanza Business Services Private Limited**				
	At the beginning of the year	240000	2.989	205000	2.978
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	At the end of the year (or on the date of separation, if separated during the year)	240000	2.978	205000	2.978
4	**Mr. Anil Dhedia**				
	At the beginning of the year	205000	2.553	205000	2.544
	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)	205000	2.554	205000	2.544
5	**Dr. Iguer Abdelmounaim**				
	At the beginning of the year	194280	2.420	194280	2.410
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	At the end of the year (or on the date of separation, if separated during the year)	194280	2.410	194280	2.410

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. Devang Parekh**				
	At the beginning of the year	184000	2.29	184000	2.283
	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)	184000	2.283	184000	2.283
7	**Saif Health Remedies Pvt. Ltd.**				
	At the beginning of the year	110011	1.370	100011	1.240
	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)	100011	1.240	100011	1.240
8	**Mrs. Fatima Shakirbhai Vali**				
	At the beginning of the year	60410	0.752	60410	0.750
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	At the end of the year (or on the date of separation, if separated during the year)	60410	0.750	60410	0.750
9	**Mr. Sanjay Kumar Singh**				
	At the beginning of the year	50,000	0.623	50,000	0.620
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	At the end of the year (or on the date of separation, if separated during the year)	50,000	0.620	50,000	0.620
10	**Worldlink Finance Limited**				
	At the beginning of the year	30900	0.385	30900	0.383
	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)	30900	0.383	30900	0.383

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Mr. Anwar Siraj Daud**					
	At the beginning of the year		2222720	27.683	2222720	27.578
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/transfer / bonus/ sweat equity etc):		NIL	NIL	NIL	NIL
	At the End of the year		2222720	27.578	2222720	27.578
2	**Mr. Zulfiquar M. Kamal**					
	At the beginning of the year		199010	2.479	199010	2.469
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease					
	(e.g. allotment/transfer/bonus/ sweat equity etc.)		NIL	NIL	NIL	NIL
	At the end of the year		199010	2.469	199010	2.469
3	**Mr. Riazahmed K. Kamal**					
	At the beginning of the year		1700	0.212	1700	0.021
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		NIL	NIL	NIL	NIL
	At the end of the year		199010	0.021	199010	0.021
4	**Mr. Niraj Dhadiwal**					
	At the beginning of the year		25200	0.314	37700	0.468
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease	06.10.2017 ESOS Allotment	12500	NIL	NIL	NIL
	(e.g. allotment/transfer/bonus/ sweat equity etc.)					
	At the end of the year					
5	**Mr. Prakash Sapkal**					
	At the beginning of the year		25300	0.315	37800	0.469
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease	06.10.2017 ESOS Allotment	12500			
	(e.g. allotment/transfer/bonus/ sweat equity etc.)					
	At the end of the year		37800	0.469	37800	0.469

6	**Dr. Naresh Gaikwad**				
	At the beginning of the year	200	0.002	200	0.002
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)	NIL	NIL	NIL	NIL
	At the end of the year	200	0.002	200	0.002
7	**Dr. V.V. Parashar**				
	At the beginning of the year	400	0.005	200	0.005
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)	NIL	NIL	NIL	NIL
	At the end of the year	200	0.005	200	0.005
8	**Mr. Suprakash Chakravarty**				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL
9	**Mrs. Kavita Loya**				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL
10	**Mr. Padmakar S. Joshi**				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

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

(Figures in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	7,978.98	76.92	-	8,055.90
ii) Interest due but not paid				-
iii) Interest accrued but not due	61.88	4.33	-	66.21
Total (i+ii+iii)	**8,040.86**	**81.25**	**-**	**8,122.11**
Change in Indebtedness during the financial year				
• Addition	-	359.52		54.44
• Reduction	-305.08		-	
Net Change	-305.08	359.52	-	54.44
Indebtedness at the end of the financial year				
i) Principal Amount	7,677.16	437.44	-	8,114.60
ii) Interest due but not paid	-		-	-
iii) Interest accrued but not due	58.62	3.33	-	61.95
Total (i+ii+iii	**7,735.78**	**440.77**	**-**	**8,176.55**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Figures in ₹ lacs)

		Name of MD / WTD / Manager					
Sl. No.	**Particulars of Remuneration**	**Dr. Anwar S. Daud**	**Mr. Riazahmed K. Kamal**	**Mr. Zulfiquar Kamal**	**Mr. Prakash Sapkal**	**Mr. Niraj Dhadiwal**	**Total Amount**
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 Act,1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	100.00	27.00	62.50	48.50	50.00	307.50
	Stock Option	--	--	--	9.75	9.75	--
2.	Sweat Equity	--	--	--	--	--	--
3	Commission - as % of profit - others, specify…	--	--	--	--	--	--
5.	Others, please specify	--	--	--	--	--	--
	Total (A)	**100.00**	**27.00**	**62.50**	**58.25**	**59.75**	**307.50**
	Ceiling as per the Act	**240.00**	**240.00**	**240.00**	**240.00**	**240.00**	**1200.00 lacs**

B. Remuneration paid to other directors:

(Figures in ₹ lacs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager					
		Mr. Naresh Gaikwad	Dr. V.V. Parashar	Mr. Suprakash Chakravarty	Ms. Kavita Loya*	Mr. Padmakar Joshi*	Total Amount
1	Independent Directors • Fee for attending board committee meetings • Commission • Others, please specify Remuneration	1.00	1.00	1.00	3.00	00.50	6.50
	Total (1)	**1.00**	**1.00**	**1.00**	**3.00**	**00.50**	**6.50**
2	Other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL
	Total (2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
	Total (B) = (1+2)	**1.00**	**1.00**	**1.00**	**3.00**	**00.50**	**6.50**
	Total Managerial Remuneration						314.00 lacs.
	Overall Ceiling as per the Act						₹ 1200.00 lacs

* Mrs. Kavita Loya and Mr. Padmakar Joshi were appointed as Independent Directors effective from 21.09.2017.

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

(Figures in ₹)

Sl. No.	Particulars of Remuneration	Company Secretary	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	4,67,000*	4,67,000
2.	Stock Option		
3.	Sweat Equity		
4.	Commission - as % of profit - others, specify…		
5.	Others, please specify		
	Total	4,67,000	4,67,000

*Mr. R.A. Parasuraman ceased to hold office as Company Secretary effective 31.08.2017 and Mr. Piyush Nikhade was appointed as Company Secretary effective from 01.09.2017, hence his remuneration is disclosed only for the period of holding the office during the year

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

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

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

Related Party Disclosure:
During the year, no transaction with related parties was in conflict with the interests of the Company. All transactions entered into by the Company with related parties during the financial year were in the ordinary course of business and on an arm's length pricing basis. . Statements of transactions with related parties are periodically placed before the Audit Committee and are approved.

Annexure II

THE ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2017-18

i) The composition of the CSR Committee :

i)	Mr. Suprakash Chakravarty -	Chairman
ii)	Mr. Padmakar S. Joshi	Member
iii)	Dr. Anwar Siraj Daud	Member
iv)	Mr. Zulfiquar M. Kamal	Member

ii) Average net profit of the company for last three financial years – : **NIL**

iii) Prescribed CSR Expenditure (two per cent of the amount as item 3 above) : **NIL**

iv) Details of CSR spent during the financial year :

(a) Total amount to be spent for the financial year. : ₹ 27.56 lacs

(b) Amount Spent : ₹ 10.00 lacs

(c) Amount unspent, if any. : ₹17.56 lacs

(d) 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 Local area or other 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 implement-ting agency***
1	Financial Support to Millat Educational & Social Welfare Association for Ground leveling of School and for purchase of uniforms, Note Books and Text Books	Educational Sector	Dist. Nagpur State Maharashtra	₹ 29,31,582	₹ 10.00 lacs	₹ 15.00 lacs . .	Amount spent through Implementing Agency
	TOTAL			₹29,31,582	₹. 10.00 lacs	₹15.00 lacs	

*Give details of implementing agency : Millat Educational and Social Welfare Association, a Regd. Society having Registration. No. MH/413/89NGP

Add : Mahesh Nagar, Shantinagar, Nagpur – 440 002

v) In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report : The amount required to be spent for the year was NIL. The company has spent ₹ 10.00 Lacs during the year on the project continuing from the previous year.

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

(Zulfiquar M. Kama!)
Director (Finance)
DIN : 01786763

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

Date : 14.08.2018
Place : Nagpur

Annexure III

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[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, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

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

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

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

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

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (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 – (Not Applicable as the company was unlisted during the Audit Period); and

I have also examined, on test check basis, the relevant documents and records maintained by the Company according to the following laws applicable specifically to the Company as confirmed by the management 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 Employment Exchange (Compulsory Notification of Vacancies) Act, 1959

Environmental Laws :-

(a) The water (prevention and control of pollution) Act, 1974

(b) The Air (Prevention & Control of Pollution) Act, 1981

(c) The Hazardous Wastes (Management, Handling And Transboundary Movement) Rules, 2008

(d) The Environment (Protection) Act, 1986

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company

I Further Report that, the Company was unlisted during the Audit Period for Financial year 2017-18. On 5th June, 2017 company had submitted its plan of action to BSE as required by SEBI in its circular SEBI/HO/MRD/DSA/CIR/P/2016/110 DATED October 10, 2016 read with the circular SEBI/HO/MRD/DSA/CIR/P/2017/5 dated January 5, 2017 and the circular SEBI/HO/MRD/DSA/CIR/P/2017/27 dated March 27, 2017, to undertake Direct Listing of Equity Shares with BSE. The Shares of the Company got Listed on BSE Limited on 08.06.2018.

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

I further report that

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

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

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

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

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

Place: Nagpur
Date: 14.08.2018

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

ANNEXURE-1

(TO THE SECRETARIAL AUDIT REPORT OF ZIM LABORATORIES LIMITED FOR YEAR ENDED MARCH 31, 2018).

To,
The Members,
ZIM Laboratories Limited.

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records based on my audit.

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

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

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

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

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

Place: Nagpur
Date: 14.08.2018

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

Annexure IV

Nomination and Remuneration Policy of ZIM Laboratories Limited

INTRODUCTION:

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

SECTION I

1. **OBJECTIVE AND PURPOSE OF THE POLICY:**

   Objectives and Purpose of the Policy are:

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

2. **CONSTITUTION AND COMPOSITION OF THE COMMITTEE:**
   The Board has constituted a Nomination and Remuneration Committee in line with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which oversees the functions related to appointment and remuneration of Directors, Key Managerial personnel and senior management.
   Board of Directors has authority to reconstitute this committee from time to time.

3. **DEFINITIONS:**

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

SECTION II

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

Duties and Role of Committee

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

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

Remuneration of Directors, KMP's and other employees.

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

SECTION III

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

APPOINTMENT CRITERIA AND QUALIFICATIONS

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

TERM / TENURE

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

Evaluation

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

Removal

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

Retirement

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

SECTION IV

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

GENERAL

- The remuneration to the Whole-time Director and Key Managerial Personnel will be determined by the Committee and recommended to the Board for approval. Wherever required, the remuneration/ compensation/ commission etc. shall be subject to approval of the shareholders of the Company and Central Government.
- The remuneration and commission including increments recommended to be paid to the Whole-time Director shall be in accordance with the percentage/ slabs/ conditions laid down as per the provisions of the Act. These would be subject to approval of the shareholders of the Company.

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

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

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

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

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

Remuneration to Non-Executive/ Independent Director:

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

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

Amendments and Updates

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

Annexure V

Particular of Contracts/Arrangements made with Related Parties - FORM NO. AOC - 2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. All contracts/arrangements/transactions entered into by the Company with related parties during the year ended March 31, 2018 were at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis: There were no material contracts or arrangements or transactions entered in to by the company during the year ended March 31, 2018.

Corporate Governance Report

CORPORATE GOVERNANCE REPORT

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

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

A report on compliance with corporate governance principles as prescribed under SEBI LODR is given below.

2. Board of Directors :

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

Name	DIN No.	Category
Dr. Anwar Siraj Daud ,Chairman	00023529	Promoter, Executive Director & Managing Director
Mr. Zulfiquar M. Kamal	01786763	Promoter and Executive Director
Mr. Riazahmed K. Kamal	00023562	Executive Director
Mr. Prakash Sapkal	02007385	Executive Director
Mr. Niraj Dhadiwal	02007428	Executive Director
Dr. V.V. Parashar	02456416	Independent Director
Dr. Naresh Gaikwad	02185462	Independent Director
Mr. Suprakash Chakravarty	03010382	Independent Director
Ms. Kavita Loya*	07943519	Independent Director
Mr. Padmakar S. Joshi*	07944709	Independent Director

*(Appointed as Director w.e.f. 21.09.2017)

ii. Eight Board Meetings were held during the year on 26.06.2017, 19.07.2017, 11.08.2017, 04.09.2017, 21.09.2017, 26.12.2017, 25.01.2018 and 13.02.2018 and 33rd Annual General Meeting was held on 16.09.2017.

iii. The attendance, number of meetings attended and their directorship in other public companies of the Board of Directors as on 31.03.2018 are as under:

	No. of Board meeting held	No. of Board Meeting attended	Whether attended last AGM held on 16.09.2017	No. of directorship other public limited companies	Committee positions in other companies	
Dr. Anwar Siraj Daud Chairman	8	5	Yes	1	N.A.	N.A.
Mr. Zulfiquar M. Kamal	8	8	Yes	1	N.A.	N.A.
Mr. Riazahmed K. Kamal	8	5	Yes	N.A.	N.A.	N.A.
Mr. Prakash Sapkal	8	5	Yes	1	N.A.	N.A.
Mr. Niraj Dhadiwal	8	8	Yes	N.A.	N.A.	N.A.
Dr. V.V. Parashar	8	7	Yes	N.A.	N.A.	N.A.
Dr. Naresh Gaikwad	8	8	Yes	N.A.	N.A.	N.A.
Mr. Suprakash Chakravarty	8	2	Yes	N.A.	N.A.	N.A.
Mrs. Kavita Loya*	8	3	No	N.A	N.A.	N.A.
Mr. Padmakar Joshi*	8	2	No	N.A	N.A.	N.A.

*Mr.Padmakar Joshi and Mrs.Kavita Loya were appointed as Independent Director w.e.f 21.09.2017

iv. No Director is a relative of another Director.

v. Number of shares held by Non-Executive Director

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

3. Audit Committee:

i. Brief description of terms of reference.

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

ii. Composition :

The composition of Audit Committee after is as follows:-

Sr. no	Name of Committee Member	
1.	Mrs. Kavita Loya	Chairman
2.	Dr. Naresh Gaikwad	Member
3.	Dr. Veerendra Parashar	Member
4.	Dr. Anwar Siraj Daud	Member

iii. Audit Committee Meetings and attendance during the year :

During the year ended 31st March, 2018 the Audit Committee meetings were held on 11.08.2017, 26.12.2017, 13.02.2018

Sr. No.	Name of the Committee Member	Committee meetings		Attendance at the last Annual General Meeting
		Held during tenure	Attended	
1	Mrs. Kavita Loya*	3	2	No
2	Dr. Naresh Gaikwad	3	3	Yes
3	Dr. Veerendra Parashar	3	2	Yes
4	Mr. Anwar Siraj Daud	3	2	Yes
5	Mr. Suprakash Chakravarty **	3	1	Yes
6	Mr. Raghav Kapoor***	3	1	No

* Mrs. Kavita Loya was appointed as Independent Director and Chairperson of Audit Committee w.e.f. 21.09.2017.
** Mr.Raghav Kapoor ceased to be a Director w.e.f 12.09.2017 due to resignation.
*** Mr.Suprakash Chakravarty ceased to be Audit Committee Chairman w.e.f 21.09.2017.

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

4. Nomination & Remuneration Committee:

(i) The powers, role and terms of reference of the Nomination and Remuneration Committee covers the areas as contemplated in Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligation and Disclosure Requirements) 2015, besides other terms as may be referred by the Board of Directors. The role includes formulation of criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees; formulation of criteria for evaluation of Independent Directors and the Board; devising a policy on Board diversity; identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal; and to administer the ESOS Scheme of the Company.

(ii) Composition:

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

1	Dr. Veerendra Parashar	:	Chairman
2	Dr. Naresh Gaikwad	:	Member
3	Mrs. Kavita Loya	:	Member
4	Dr. Anwar Siraj Daud, Chairman of the Board	:	Member

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

During the year ended 31st March, 2018 the Nomination & Remuneration Committee meeting was held on 19.07.2017, 21.09.2017

Sr. No.	Name of the Committee Member	No. of meetings attended
1	Dr. Naresh Gaikwad, Chairman	2
2	Mr. Raghav Kapoor *	1
3	Dr. V.V. Parashar	1
4	Mrs. Kavita Loya **	0
5	Dr. Anwar Siraj Daud	1

* Mr. Raghav Kapoor ceased to be Director on 12.09.2017
** Mrs. Kavita Loya was appointed as Independent Director on 21.09.2017.

5. Remuneration of Directors:

i. Remuneration Policy: Company has a well-defined policy for remuneration of the Directors, Key Management Personnel and other Employees. The policy is furnished as Annexure VI to the Board's Report.

ii. Details of Remuneration paid to Independent Directors are as follows :

Sr. No	Name of Director	Remuneration paid in 2017-18
1	Dr. Naresh Gaikwad	1,00,000.00
2	Dr. V. V. Parashar	1,00,000.00
3	Mr. Suprakash Chakravarty	1,00,000.00
4.	Mrs. Kavita Loya	3,00,000.00
5.	Mr. Padmakar Joshi	50,000.00

* Mr.Padmakar Joshi and Mrs.Kavita Loya were appointed as Independent Director w.e.f 21.09.2018 hence their remuneration is disclosed for the period of holding office during the F.Y 2017-18

iii. Details of Sifting fees:

The Directors are not paid any Sitting Fee.

iv. Remuneration to Executive Directors :

₹ in lac

Name of Director	Total Remuneration paid in FY 2017-18
Dr. Anwar S. Daud	100.00
Mr. Riazahmed K. Kamal	27.00
Mr. Zulfiquar M. Kamal	62.50
Mr. Prakash Sapkal	58.25
Mr. Niraj Dhadiwal	59.75

v. Details of Stock Option to Directors issued at Book Value :

Name	Designation	No. of Options Granted	Options Exercised
Mr. Prakash Sapkal	Director (Operations)	50,000	25,000
Mr. Niraj Dhadiwal	Director (Business Development)	50,000	25,000
Total		1,00,000	50,000

6. Stakeholder's Relationship Committee:

The terms of reference of the Stakeholders' Relationship Committee are in line with the provisions of Section 178 of the Act and Part D of the Schedule II of the SEBI LODR. The Stakeholders' Relationship Committee is primarily responsible for redressal of Shareholders grievances :

Sr. No.	Name of Committee members	
1	Dr. Naresh Gaikwad	Chairman
2	Mr. Padmakar Joshi	Member
3	Dr. Anwar S. Daud	Member

Name and designation of Compliance Officer:
Mr. Piyush Nikhade, Company Secretary acts as the Secretary to the Stakeholder Relationship Committee and also as the Compliance Officer.

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

7. Corporate Social Responsibility Committee :

The constitution of Corporate Social Responsibility Committee (CSR) is as follows:

Sr. No.	Name of Committee members	
1	Mr. Suprakash Chakravarty	Chairman
2	Mr. Padmakar Joshi	Member
3	Dr. Anwar S. Daud	Member
4	Mr. Zulfiquar kamal	Member

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

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

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

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

9. General Body Meetings :

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

AGM for the period/ year ended	Venue	Date	Time	Special Resolution passed
31st AGM for the year ended March 31, 2015	Sadoday Gyan (Ground Floor), Opp. NADT, Nelson Square, Nagpur — 440 013	31.12.2015	2.00 p.m.	NIL
32nd AGM for the year ended March 31, 2016	Sadoday Gyan (Ground Floor), Opp. NADT, Nelson Square, Nagpur — 440 013	30.09.2016	2.00 p.m.	NIL
33rd AGM for the year ended March 31, 2017	Chitnavis Centre, 56, Temple Road, Civil Lines, Nagpur - 440 001	16.09.2017	11.00 a.m.	Seven Special Resolutions were passed

10. Means of Communication:

a) The Company's website www.zimlab.in contains a separate and dedicated section "Investors" where Shareholder information is available.

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

11. Disclosures :

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

No materially significant related party transaction took place during the year ended 31st March, 2018. All transactions entered with the related parties during the year ended 31st March 2018 as mentioned under the Companies Act, 2013 and Regulation 23 and 27(2)(b) of Listing Obligation and Disclosure Regulations (LODR) were in the ordinary course of business and on arm's length pricing basis.

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

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

III. Whistle Blower Policy :

The Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and SEBI LODR is implemented through the Company's Whistle Blower Policy to enable the Directors, employees and all stakeholders of the Company to report genuine concerns, to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee.

Whistle Blower Policy of the Company is available on the Company's website at www.zimlab.in.

IV. Details of compliance with mandatory requirements and adoption of non-mandatory requirements:

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

V. CEO/CFO Certification

Dr. Anwar Siraj Daud, Managing Director and Mr. Zulfiquar Kamal, Director (Finance) of the Company have furnished to the Board, the requisite Compliance Certificate under Regulation 17(8) of SEBI LODR for the financial year ended March 31, 2018.

10. General Shareholder information:

(i)	AGM: Date, time and venue	34th Annual General Meeting on September 21, 2018 at Chitnavis Centre, 56, Temple Road, Civil Lines, Nagpur – 440001.
(ii)	Financial Year	01st April 2017 — 31st March 2018.
(iii)	Record Date	04.09.2018
(iv)	Dividend Payment Date	The dividend recommended by the Board if declared at the ensuing Annual general meeting will be paid within 30 days from the date of declaration subject to approval of the shareholders.
(V)	Stock Exchange where Shares of the Company are listed.	BSE Limited
(vi)	Stock Code	541400
(vi	ISIN Code	INE518E01015

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

- Distribution of Shareholding pattern as on 31.03.2018

Nominal Value of shareholding	No. of Shareholders	% of Shareholders	Total Shares	% of Share
Upto 500	4067	93.7961	548600	6.8067
501 —1000	147	3.3902	116200	1.4417
1001 — 2000	48	1.107	69900	0.8673
2001 — 3000	16	0.369	40100	0.4975
3001 — 4000	4	0.0923	13490	0.1674
4001 — 5000	18	0.4151	86200	1.0695
5001 — 10000	15	0.3459	102632	1.2734
10001 and above	21	0.4843	7082631	87.8765
Total	4336	100.000	8059753	100.000

- Shareholding pattern as on 31.03.2018 of equity shares as per Regulation 31 of SEBI (Listing Obligation & Disclosure Requirement) Regulation, 2015.

Category	No. of Shares	Percentage
Promoter & Promoter Group	27,01,330	33.516
Other Bodies Corporate	4,09,911	5.086
Non Resident Indians	1,61,510	2.004
Foreign Individual	2,15,868	2.678
Foreign Company	17,82,652	22.118
Public	2,788,482	34.598
TOTAL	**80,59,753**	**100.000**

- Dematerialisation of Shares :

Category	No. of shares	Percentage
In NSDL	6787923	84.22
In CDSL	94575	1.17
In Physical form	1177255	14.61
	8059753	100

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

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

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

- **For Share Transfer matters :**
  Link Intime India Pvt. Limited,
  C-101, 247 Park, L.B.S. Marg, Vikhroli (W)
  MUMBAI —400 083 Ph. (022) 49186000

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

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

All Board members and Senior Management personnel have affirmed compliance with the code. A declaration to this effect signed by the Managing Director is as follows :

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

I hereby certify that the Board Members and senior management personnel of the Company have affirmed compliance with the Code of Ethics and Business conduct for the year 2017-18.

For and on behalf of the Board

Place : Nagpur
Dated : 14.08.2018

(Dr. Anwar S. Daud)
Chairman

CEO/CFO Certification

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

a. We have reviewed the Financial Statements and Cash Flow Statements for the year ended 31 March, 2018 and to the best of our knowledge and belief, we state that:

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

   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

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

c. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee:

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

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

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

For **ZIM Laboratories Limited**

(Anwar Siraj Daud)
Chairman and Managing Director
DIN : 00023529

(Zulfiquar Kamal)
Director (Finance)
DIN : 01786763

Date : 14.08.2018
Place : Nagpur

Statutory Reports

Certificate on Corporate Governance

To the Members of ZIM Laboratories Limited

1. I have examined the compliance of conditions of corporate governance by ZIM Laboratories Limited (the 'Company') for the year ended 31 March 2018, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations').

Management's Responsibility

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

Auditor's Responsibility

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

Opinion

4. Based on the procedures performed by me and to the best of my information and according to the explanations provided to me, in my opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2018.

Restrictions on use

5. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

Date : 14.08.2018
Place : Nagpur

(CS Roshni Jethani)
Company Secretary in Practice
Memb. No. A48849
COP No. 17722

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 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity 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 state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated 11 August 2017 and 1 September 2016 respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

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 I a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

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

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

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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 on 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 25 May 2018 as per Annexure II 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in Note 46 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;

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

        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

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

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

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

Place: Nagpur
Date: 25 May 2018

Annexure I

Annexure to the Independent Auditor's Report of even date to the members of Zim Laboratories Limited, on the standalone financial statements for the year ended 31 March 2018

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

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

(₹ in lacs)

Nature of property	Total Number of Cases	Whether leasehold / freehold	Gross Carrying Value as on 31 March 2018	Net block on 31 March 2018
Land	2	Leasehold	₹ 140.38/-	₹ 136.35/-
Building	2	Constructed on leasehold land referred above	₹ 203.14/-	₹ 188.52/-

(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) The Company is regular in depositing 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, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become 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

Name of the statute	Nature of dues	Amount (₹ in lacs)	Amount paid under Protest (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax	54.47	-	2008-09 to 2012-13	CESTAT
	Service tax	205.29	15.40	2011-12 to 2014-15	CESTAT
Income Tax Act, 1961	Income tax	274.23	54.10	Assessment year 2008-09 to 2014-15	Commissioner of Income Tax (Appeal
	Interest on tax deducted at source	1.48	-	Assessment year 2007-08 to 2014-15	Assistant Commissioner of Income Tax (Appeal)

(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). 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 Ind AS.

(xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

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

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

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

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

Place: Nagpur
Date: 25 May 2018

Annexure II

Annexure to the Independent Auditor's Report of even date to the members of Zim Laboratories Limited, on the standalone financial statements for the year ended 31 March 2018

1. 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')

2. 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 2018, 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

3. 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

4. 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 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.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes 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.

6. 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

7. 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.

Inherent Limitations of Internal Financial Controls over Financial Reporting

8. 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

9. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

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

Place: Nagpur
Date: 25 May 2018

Standalone Balance Sheet

as at 31 March 2018

	Note	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
ASSETS				
Non-current assets				
Property, plant and equipment	3	9,293.44	8,749.88	9,064.95
Capital work-in-progress	4	477.33	270.75	293.25
Intangible assets	5 (A)	122.33	125.54	154.31
Intangible assets under development	5 (B)	351.95	111.69	-
Financial Assets				
Investment	6	9.18	9.18	9.13
Other financial assets	7	162.02	40.21	56.64
Deferred tax assets (net)	21	367.50	943.54	443.66
Current tax Assets	8	112.89	-	-
Other non-current assets	9	1,512.55	282.28	184.17
		12,409.19	**10,533.07**	**10,206.11**
Current assets				
Inventories	10	5,156.08	3,546.52	3,771.89
Financial Assets				
Trade receivables	11	8,834.07	8,818.22	8,809.93
Cash and cash equivalents	12	146.40	39.49	70.90
Bank balances other than cash and cash equivalents	13	205.85	518.84	564.97
Loans	14	9.31	8.21	6.44
Other financial assets	15	108.04	149.14	127.29
Other current assets	16	2,874.76	2,293.20	1,958.99
Asset held for sale	17	-	-	55.11
		17,334.51	**15,373.62**	**15,365.52**
TOTAL ASSETS		**29,743.70**	**25,906.69**	**25,571.63**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	18	805.97	802.91	799.85
Other equity	19	12,790.54	11,046.90	9,253.00
		13,596.51	**11,849.81**	**10,052.85**
Liabilities				
Non-current liabilities				
Financial Liabilities				
Borrowings	20	2,028.36	2,752.08	3,423.63
		2,028.36	**2,752.08**	**3,423.63**
Current liabilities				
Financial Liabilities				
Borrowings	22	4,956.23	4,669.91	5,629.99
Trade payables	23	6,626.41	4,504.90	4,696.51
Other financial liabilities	24	2,086.85	1,055.04	1,086.97
Other current liabilities	25	406.82	761.11	530.70
Current Tax Liabilities (net)	26	-	292.95	123.24
Provisions	27	42.52	20.89	27.74
		14,118.83	**11,304.80**	**12,095.15**
TOTAL EQUITY AND LIABILITIES		**29,743.70**	**25,906.69**	**25,571.63**
Significant accounting policies and other explanatory information	1 - 52			

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

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

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

Place: Nagpur
Date: 25 May 2018

For and on behalf of the Board of Directors

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director & CFO
DIN: 01786763

Place: Nagpur
Date: 25 May 2018

Piyush Nikhade
Company Secretary

Standalone Statement of Profit and Loss

for the year ended 31 March 2018

		Note	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
I.	**Income**			
	Revenue From Operations	28	27,336.38	24,095.91
	Other Income	29	342.24	485.49
	Total Income		**27,678.62**	**24,581.40**
II.	**Expenses:**			
	Cost of materials consumed	30	12,400.42	9,340.36
	Purchases of stock in trade	31	1,778.64	2,515.11
	Changes in inventories of finished goods and work-in-progress	32	(90.10)	141.36
	Excise duty expense		146.54	594.60
	Employee benefits expense	33	4,080.35	3,299.86
	Finance costs	34	934.39	981.89
	Depreciation and amortization expense	35	978.95	902.25
	Other expenses	36	5,624.37	5,048.04
	Total expenses		**25,853.56**	**22,823.47**
III.	**Profit before exceptional item and tax**		**1,825.06**	**1,757.93**
	Exceptional Items	37 (A)	586.30	-
IV.	**Profit before tax**		2,411.36	1,757.93
V.	**Tax (expense)/credit:**	37 (B)		
	(i) Current Tax		-	(419.03)
	(ii) Tax (deferred) adjustment pertaining to earlier years		125.62	53.58
	(ii) Deferred Tax		(708.20)	474.19
			(582.58)	**108.74**
VI.	**Net Profit After Tax**		**1,828.78**	**1,866.67**
VII.	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	- Measurements of defined employee benefit plans		(18.92)	(32.58)
	- Income tax relating to items that will not be reclassified to profit or loss		6.55	11.28
			(12.37)	**(21.30)**
VIII.	**Total Comprehensive Income for the period**		**1,816.41**	**1,845.37**
IX.	**Earnings per equity share: Nominal value of ₹ 10 per share**	51		
	Basic (in ₹)		22.72	23.27
	Diluted (in ₹)		22.56	23.03
	Significant accounting policies and other explanatory information	1 - 52		

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

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

For and on behalf of the Board of Directors

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

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director & CFO
DIN: 01786763

Place: Nagpur
Date: 25 May 2018

Place: Nagpur
Date: 25 May 2018

Piyush Nikhade
Company Secretary

Standalone Statement of Changes in Equity

for the year ended 31 March 2018

Equity share capital (Refer note 18)

	Number of shares	₹ lacs
As at April 01, 2016	79,98,520	799.85
Changes during the year	30,625	3.06
As at March 31, 2017	**80,29,145**	**802.91**
Changes during the year	30,608	3.06
As at March 31, 2018	**80,59,753**	**805.97**

Other equity (Refer note 19)

(₹ lacs)

	Reserves & Surplus			Employee stock options	Total
	Securities Premium	General Reserve	Retained earnings		
Opening balance as at 1 April 2016	4,761.16	106.20	4,323.14	62.50	**9,253.00**
Transactions during the year					
Total comprehensive income for the year					
Profit / (loss) for the year	-	-	1,866.67	-	**1,866.67**
Dividend	-	-	(79.99)	-	**(79.99)**
Dividend distribution tax	-	-	(16.28)	-	**(16.28)**
Employee Stock Option expenses	-	-	-	44.80	**44.80**
Transfer from ESOP	36.08	-	-	(36.08)	**-**
OCI for the year	-	-	(21.30)	-	**(21.30)**
Closing balance as at 31 March 2017	**4,797.24**	**106.20**	**6,072.24**	**71.22**	**11,046.90**
Transactions during the year					
Total comprehensive income for the year					
Profit / (loss) for the year	-	-	1,828.78	-	**1,828.78**
Dividend	-	-	(80.29)	-	**(80.29)**
Dividend distribution tax	-	-	(16.35)	-	**(16.35)**
Employee Stock Option expenses	-	-	-	23.87	**23.87**
Transfer from ESOP	36.05	-	-	(36.05)	**-**
OCI for the year	-	-	(12.37)	-	**(12.37)**
Closing balance as at 31 March 2018	**4,833.29**	**106.20**	**7,792.01**	**59.04**	**12,790.54**

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

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

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

Place: Nagpur
Date: 25 May 2018

For and on behalf of the Board of Directors

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director & CFO
DIN: 01786763

Place: Nagpur
Date: 25 May 2018

Piyush Nikhade
Company Secretary

Standalone Cash Flow Statement

for the year ended 31 March 2018

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Cash flow from operating activities		
Profit before tax	**2,411.36**	**1,757.93**
Depreciation and amortisation expense	978.95	902.25
Government Incentive	(6.29)	(1.68)
Loss on sale of fixed assets (net)	11.20	22.02
Fixed Assets Written off	0.96	10.69
Unrealized Foreign Exchange (Gain)/Loss	(70.74)	38.69
Premium on forward exchange contract amortised	-	2.18
Provision for employee benefits	21.74	(6.85)
Dividend income on investments	(0.60)	(1.00)
Interest income	(23.18)	(45.70)
Bad debts Written off	-	130.28
Employee compensation cost (ESOP costs)	23.87	45.14
Finance costs	934.39	981.89
Exceptional items	(586.30)	-
Operating profit before working capital changes	**3,695.36**	**3,835.84**
Movement in working capital :		
Increase/(decrease) in trade & other payables	1,919.14	(41.13)
Increase/(decrease) in provisions	(0.11)	(6.85)
(Increase)/decrease in inventories	(1,609.56)	225.37
(Increase)/decrease in trade & other receivables	64.74	(556.89)
Net Cash generated from operations	**4,069.57**	**3,456.34**
Direct taxes paid (net of refunds)	(405.84)	(248.63)
Net cash flow from operating activities (A)	**3,663.73**	**3,207.71**
Cash flows from investing activities		
Purchase of property plant and equipment (including capital advances)	(2,851.60)	(887.53)
Proceeds from disposal of property plant and equipment	3.05	35.45
(Purchase) of non-current investment	-	(0.05)
Investments in bank deposits (having original maturity of more than three months)	(126.11)	(239.43)
Maturity of bank deposits (having original maturity of more than three months)	368.70	323.08
Interest received	22.25	43.09
Dividend received	0.60	1.00
Net cash from/ (used in) investing activities (B)	**(2,583.11)**	**(724.39)**

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Cash flows from financing activities		
Proceeds from issue of equity shares	3.06	3.06
Proceeds from long term borrowings	495.00	15.00
(Repayment) of long term borrowings	(747.84)	(498.60)
Proceeds from short term borrowings	593.06	-
(Repayment) of short term borrowings	(313.26)	(950.16)
Finance costs paid	(913.42)	(995.23)
Dividend paid on equity shares	(73.96)	(72.52)
Tax on equity dividend paid	(16.35)	(16.28)
Net cash from/ (used in) financing activities (C)	**(973.71)**	**(2,514.73)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**106.91**	**(31.41)**
Opening cash and cash equivalents	39.49	70.90
Closing cash and cash equivalents	**146.40**	**39.49**

Components of cash and cash equivalents	**31-Mar-18**	**31-Mar-17**
Cash on hand	6.19	2.98
Balances with banks in:		
- Current accounts	140.21	36.51
Total Cash and cash equivalents (refer note 12)	**146.40**	**39.49**

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

Summary of significant accounting policies	2.1

The accompanying notes are an integral part of financial statements.

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

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

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

Place: Nagpur
Date: 25 May 2018

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

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director & CFO
DIN: 01786763

Place: Nagpur
Date: 25 May 2018

Piyush Nikhade
Company Secretary

Significant accounting policies and other explanatory information to the standalone financial statements

for the year ended 31 March 2018

1 Background of the Company

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

The Company, in previous year, had received notice from BSE Limited (BSE) whereby Company had been provided an option to either complete the procedures for listing of its equity shares on nationwide stock exchange or provide exit to public shareholders by acquiring their equity shares at rates determined by valuer. Pursuant to receipt of such notice, the Company had completed the procedures required for securing the listing of its equity share on BSE. Accordingly, the Company plans to gets is equity share listed within the timelines suggested by BSE.

2. Basis for preparation of financial Statements

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

The financial statements up to and for the year ended March 31, 2017 were prepared in accordance with Accounting Standards as prescribed under Section 133 of the Act read with the Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Act (Indian GAAP/Previous GAAP).

These are the first Ind AS financial statements of the Company prepared in accordance with Ind AS. Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. Refer note 50 for an explanation of how the transition from Indian GAAP to Ind AS has affected the Company's financial position and financial performance.

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

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

These financial statements have been prepared on a historical cost and accrual basis, except for certain financial assets and liabilities and defined benefit plans - plan assets, that are measured at fair value and assets held for sale measured at lower of carrying amount and fair value less cost to sell.

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

2.1 Significant Accounting Policies

a. Use of estimates

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised. The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

b. Property, plant and equipment (including Capital Work-in-Progress)

Tangible assets held for use in the production or supply of goods or services, or for administrative purposes are classified as Property, plant and equipment and are stated at cost of acquisition inclusive of all attributable cost of bringing the assets to their working condition, net of accumulated depreciation / amortisation and accumulated impairment losses, if any.

Any trade discounts, rebates and refundable duty / tax credits are deducted in arriving at the purchase price. Borrowing costs relating to acquisition of property, plant and equipment, which takes substantial period of time to get ready for their intended use are also included in the cost of the qualifying assets to the extent these relate to the period up to the date such assets are ready to be put to use.

Assets not yet ready for use are recognised as Capital work-in-progress.

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 tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of property, plant and equipment that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

Losses arising from the retirement of, and gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

c Depreciation methods and estimated useful lives

The Company provides pro-rata depreciation on additions and disposals made during the year. Depreciation on property, plant and equipment is provided under the straight line method over the useful lives of assets, as prescribed under Part C of Schedule II of the Act.
Leasehold Improvements are amortized over the lower of the lease term or useful life of the respective asset prescribed as above.

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

d Intangible assets

Intangible assets are stated at acquisition/ development cost, net of cenvat credit on initial recognition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

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

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

e Research and development costs

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

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

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

f Leases

Where the Company is a lessee

Leases in which a significant portion of the risks and rewards incidental to ownership are retained by the lessor, are classified as operating leases. Other leases are classified by the lessee as finance lease, and are capitalised at the fair value on inception date or present value of leased payments (which ever is lower). Such classification is carried out at inception of the lease.

g Borrowings and other financial liabilities

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

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

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

h Borrowing costs

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

i Impairment of non-financial assets

Assessment is carried out at each Balance Sheet date as to whether there is any indication that an asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication of impairment exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to their recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed if there was no impairment.

j Government grants

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

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

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

k Investments in subsidiary

Investments in subsidiaries are recognised at cost as per Ind AS 27 except when they are classified as held for sale, they shall be accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations.

l Investments and financial assets

Classification

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

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

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

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit and loss.

Measurement of debt instruments

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

- *Amortised cost:* Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in statement of profit and loss, when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- *Fair value through other comprehensive income (FVOCI):* Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss. Interest income from these financial assets is included in other income using the effective interest rate method.

- *Fair value through profit or loss:* Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in statement of profit and loss and presented net in the statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

Measurement of equity instruments

The Company measures its equity investment other than in subsidiaries at fair value through profit and loss. However where the Company's management makes an irrevocable choice on initial recognition to present fair value gains and losses on specific equity investments in other comprehensive income (Currently no such choice made), there is no subsequent reclassification, on sale or otherwise, of fair value gains and losses to the Statement of Profit and Loss.

Impairment of financial assets

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

De-recognition of financial assets

A financial asset is derecognised only when

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

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

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

Interest income from financial assets

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

m Derivatives and embedded derivatives

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

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

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

n Cash and Cash Equivalents

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

o Inventories

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

p Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/ translation of monetary assets and liabilities are recognised in the Statement of Profit and Loss, unless they are considered as an adjustment to borrowing costs, in which case they are classified along with the borrowing cost. Non-monetary foreign currency items are carried at cost.

q Revenue Recognition

Revenue is measured at the value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, discounts, loyalty discount, value added taxes and amounts collected on behalf of third parties. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below

Sale of goods -

Sales are recognised when substantial risk and rewards of ownership are transferred to customer, in case of export customers, sales takes place when goods are shipped onboard based on bill of lading."

Other operating revenue - Export incentives
Export Incentives under various schemes are accounted in the year of export."

r Other Income

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

s Employee Benefits

Defined Contribution Plan

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

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

Defined Benefit Plan - Gratuity

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

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

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

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

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

Compensated Absences

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

Termination Benefits

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

Short-term benefits

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

t Current and Deferred Tax

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

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

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

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

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

Minimum Alternate Tax (MAT) credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

u Provisions and Contingent Liabilities

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

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

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

v Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss (excluding other comprehensive income) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a right issue, share split and reverse share splits (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss (excluding other comprehensive income) for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

w Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs (""MCA"") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is not expected to be significant.

Ind AS 115:

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April 2018.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

  The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is not expected to be significant"

x Critical estimates and judgements

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

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

The areas involving critical estimates or judgement are:

- *Useful life and residual value of property, plant and equipment (PPE) and intangible assets*

  Useful lives of PPE and intangible assets are based on the life prescribed in Schedule II to the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support. Assumptions also need to be made, when it is assessed, whether an asset may be capitalized and which components of the cost of the asset may be capitalized.

- *Revenue Recognition*

  Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably.

- *Recognition and measurement of defined benefit obligations*

  The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. As actuarial valuation involves making various assumptions that may be different from the actual development in the future, key actuarial assumptions include discount rate, trends in salary escalation, attrition and mortality rate. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

- *Valuation of taxes on income*

  Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions. Uncertain tax position is with regards to items of expense or transaction that may be challenged by tax authorities. The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under note 2.1 (t)

- *Provisions*

  Provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement obligations and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation as at the Balance Sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.

- *Share-based payments*

  The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share-based payment transaction is presented as a separate component in equity under “Employee stock options”. The amount recognized as an expense is adjusted to reflect the impact of the revision of original estimates based on number of options that are expected to vest, in the statement of profit and loss with a corresponding adjustment to equity.

- *Impairment of financial assets*

  The Company has, in an earlier period recognised an impairment provision for losses expected on certain trade receivables. Against the same, the Company has received another financial asset (Company’s own equity shares) as compensating security for the losses finally incurred against the specified trade receivables. Refer note 11.

3 Property, plant and equipment

(₹ lacs)

Gross carrying value	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Electrical Installation	Furniture and fixtures	Office equipment	Vehicles	Total
Balance as at 1 April 2016	89.39	590.27	3,571.48	3,949.24	145.67	565.04	79.21	74.65	9,064.95
Additions	-	13.04	32.65	373.57	20.83	13.68	35.06	64.42	553.25
Deletions	-	-	-	4.07	-	6.45	0.18	3.03	13.73
Balance as at 31 March 2017	**89.39**	**603.31**	**3,604.13**	**4,318.74**	**166.50**	**572.27**	**114.09**	**136.04**	**9,604.47**
Additions	-	37.80	307.87	946.53	-	137.14	66.11	-	1,495.45
Deletions	27.63	-	-	19.30	-	1.06	1.52	-	49.51
Balance as at 31 March 2018	**61.76**	**641.11**	**3,912.00**	**5,245.97**	**166.50**	**708.35**	**178.68**	**136.04**	**11,050.41**
Accumulated Depreciation/ Amortisation									
Balance as at 1 April 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	-	8.72	145.62	542.15	22.38	76.77	36.19	23.43	855.26
Deletions	-	-	-	-	-	-	-	0.67	0.67
Balance as at 31 March 2017	**-**	**8.72**	**145.62**	**542.15**	**22.38**	**76.77**	**36.19**	**22.76**	**854.59**
Charge for the year	-	9.27	147.00	587.95	23.25	81.55	39.39	20.68	909.09
Deletions	-	-	-	5.08	-	0.60	1.03	-	6.71
Balance as at 31 March 2018	**-**	**17.99**	**292.62**	**1,125.02**	**45.63**	**157.72**	**74.55**	**43.44**	**1,756.97**
Net block									
Balance as at 1 April 2016	89.39	590.27	3,571.48	3,949.24	145.67	565.04	79.21	74.65	9,064.95
Balance as at 31 March 2017	89.39	594.59	3,458.51	3,776.59	144.12	495.50	77.90	113.28	8,749.88
Balance as at 31 March 2018	**61.76**	**623.12**	**3,619.38**	**4,120.95**	**120.87**	**550.63**	**104.13**	**92.60**	**9,293.44**

(i) Building includes those constructed on leasehold land:

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Gross carrying value	2668.19	2,625.46	
Depreciation charged during the year	107.77	110.45	
Accumulated depreciation	218.22	110.45	
Net Book Value	**2449.97**	**2,515.01**	**2,625.46**

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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Gross carryinig value	140.38	140.38	
Depreciation charged during the year	2.01	2.02	
Accumulated depreciation	4.03	2.02	
Net Book Value	**136.35**	**138.36**	**140.38**

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

(iii) Building includes those constructed on leasehold land referred in ii above

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Gross carryinig value	203.14	203.14	
Depreciation charged during the year	7.31	7.31	
Accumulated depreciation	14.62	7.31	
Net Book Value	**188.52**	**195.83**	**203.14**

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

(iv) Vehicles includes vehicles in the personal name of directors & employees having Gross carrying value ₹ 66.70 lacs (31 March 2017 - Gross carrying value ₹ 66.70 lacs, 1 April 2016 - Gross carrying value ₹ 46.23 lacs)

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

(vi) Refer note 20 and 50 A (i) For information on property, plant and equipment pledged as security by the Company

4 Capital work-in-progress

As at 1 April 2016	293.25
As at 31 March 2017	270.75
As at 31 March 2018	**477.33**

Note: Capital work in progress as at 31 March 2018 includes cost incurred towards construction/development of Building and Plant and equipment of the Company.

5(A) Intangible assets

Gross carryinig value	Softwares	Product marketing authorisation	Total
Balance as at 1 April 2016	154.31	-	154.31
Additions	0.56	17.66	18.22
Deletions	-	-	-
Balance as at 31 March 2017	**154.87**	**17.66**	**172.53**
Additions	2.60	64.05	66.65
Deletions	-	-	-
Balance as at 31 March 2018	**157.47**	**81.71**	**239.18**
Accumulated Amortisation			
Balance as at 1 April 2016	-	-	-
Charge for the year	46.57	0.42	46.99
Deletions	-	-	-
Balance as at 31 March 2017	**46.57**	**0.42**	**46.99**
Charge for the year	46.74	23.12	69.86
Deletions	-	-	-
Balance as at 31 March 2018	**93.31**	**23.54**	**116.85**
Net block			
Balance as at 1 April 2016	154.31	-	154.31
Balance as at 31 March 2017	108.30	17.24	125.54
Balance as at 31 March 2018	**64.16**	**58.17**	**122.33**

5(B) Intangible assets under development

As at 1 April 2016	-
As at 31 March 2017	111.69
As at 31 March 2018	**351.95**

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

6 Non-Current Investments

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Investment in equity instruments :			
Investment in subsidiary			
Unquoted equity investment carried at cost			
25 equity shares of AED 1000 each fully paid-up in Zim Laboratories FZE, UAE	4.03	4.03	4.03
Investment in Others:			
Unquoted equity investment carried at fair value through profit or loss			
20,000 equity shares of ₹ 25 each fully paid-up in Shamrao Vithal co-operative Bank Limited	5.00	5.00	5.00
Investments in Government Securities			
Unquoted at amortised cost			
National Saving Certificate	0.15	0.15	0.10
	9.18	**9.18**	**9.13**

7 Other financial assets

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Non-current			
Earnest money and security deposit	69.70	24.62	11.00
Bank deposit with maturity more than 12 months	92.32	15.59	45.64
Bank deposit includes fixed deposits with banks ₹ 92.32 lacs (₹ 15.59 lacs and ₹ 45.64 lacs as at 31 March 2017 and 1 April 2016 respectively) marked as lien for guarantees issued by banks on behalf of the Company			
	162.02	**40.21**	**56.64**

8 Current tax assets

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Non-current			
Advance income-tax (net of provision for taxation ₹ Nil) (31 March 2017: Nil, 1 April 2016: Nil)	112.89	-	-
	112.89	**-**	**-**

9 Other non-current assets

(Unsecured, considered good)

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Capital advances	1,342.41	156.55	8.79
Prepaid expenses	20.49	0.39	2.61
Balances with government authorities	78.01	54.09	101.72
Balance with others	71.64	71.25	71.05
	1,512.55	**282.28**	**184.17**

10 Inventories

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Raw materials			
Goods-in-transit	-	-	184.21
Others	3,469.99	2,145.04	2,081.98
Work-in-progress	654.27	596.01	550.58
Finished goods			
Goods-in-transit	102.00	36.51	56.06
Others	649.54	683.19	850.43
Stores and spares	280.28	85.77	48.63
	5,156.08	**3,546.52**	**3,771.89**

11 Trade receivables

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Considered good*	8,834.07	8,818.22	8,809.93
Considered doubtful	698.48	3,688.28	3,688.28
Less: Provision for doubtful debts	(698.48)	(3,688.28)	(3,688.28)
	8,834.07	**8,818.22**	**8,809.93**

***Nature of Security**

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

12 Cash and cash equivalents

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Cash on hand	6.19	2.98	8.13
Balances with banks in current accounts	140.21	36.51	62.77
	146.40	**39.49**	**70.90**

13 Bank balances other than cash and cash equivalents

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Unclaimed dividend accounts	34.75	28.42	20.95
Deposit Balances with bank held as margin money	171.10	490.42	544.02
Deposit includes fixed deposits with banks ₹ 171.10 lacs (₹ 490.42 lacs and ₹ 544.02 lacs as at 31 March 2017 and 1 April 2016 respectively) marked as lien for guarantees issued by banks on behalf of the Company			
	205.85	**518.84**	**564.97**

14 Loans

(Unsecured, considered good)

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Loans to employees	9.31	8.21	6.44
	9.31	**8.21**	**6.44**

15 Other financial assets

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Current			
(Unsecured, considered good)			
Earnest money amd security deposit	101.29	111.89	123.46
Leave Benefits	-	23.22	-
Interest Receivable:			
from Banks	-	5.82	3.21
Others	6.75	8.21	0.62
	108.04	**149.14**	**127.29**

16 Other current assets

(Unsecured, considered good unless otherwise specified)

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Advances other than capital advances			
Advance to suppliers - considered good	605.28	466.54	57.58
Advance to suppliers - considered doubtful	188.40	413.71	413.71
Less: Provision for doubtful advances	(188.40)	(413.71)	(413.71)
	605.28	**466.54**	**57.58**
Loans and Advances to Related Parties			
Advance against expenses to Managing Director	6.01	11.86	14.28
Advances recoverable in kind for value to be received	107.25	281.99	-
Balances with government authorities	2,051.28	1,447.20	1,826.11
Prepaid expenses	104.94	85.61	61.02
	2,874.76	**2,293.20**	**1,958.99**

17 Asset held for sale

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Leasehold Land	-	-	55.11
	-	-	55.11

18 Equity share capital

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Authorised: 1,10,00,000 (31 March 2017: 1,10,00,000 ,1 April 2016: 1,10,00,000) equity shares of ₹ 10 each	1,100.00	1,100.00	1,100.00
Issued: 80,59,753 (31 March 2017: 80,29,145 ,1 April 2016: 79,98,520) equity shares of ₹ 10 each fully paid up	805.97	802.91	799.85
Subscribed and Paid-Up: 80,59,753 (31 March 2017: 80,29,145 ,1 April 2016: 79,98,520) equity shares of ₹ 10 each fully paid up	805.97	802.91	799.85
	805.97	**802.91**	**799.85**

(a) Reconciliation of Share Capital:

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	No. of Shares	₹ lacs	No. of Shares	₹ lacs	No. of Shares	₹ lacs
Balance as at the beginning of the year	80,29,145	802.91	79,98,520	799.85	79,98,520	799.85
Add: Shares issued during the year	30,608	3.06	30,625	3.06	-	-
Balance as at the end of the year	**80,59,753**	**805.97**	**80,29,145**	**802.91**	**79,98,520**	**799.85**

(b) Rights, preferences and restrictions

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing

Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Equity Shares:				
AA Development Capital India Fund 1, LLC	17,82,652	22.12%	17,82,652	22.20%
Anwar Daud*	22,22,720	27.58%	22,22,720	27.68%
Zakir Vali	14,24,570	17.68%	14,24,570	17.74%

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

(d) Shares reserved for issue under options

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

19 Other equity

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Reserves and surplus			
Securities premium *	4,833.29	4,797.24	4,761.16
General reserve	106.20	106.20	106.20
Employee stock options **	59.04	71.22	62.50
Retained earnings ***	7,792.01	6,072.24	4,323.14
	12,790.54	11,046.90	9,253.00
Total	**12,790.54**	**11,046.90**	**9,253.00**

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs
*** Securities premium**		
Balance as at the beginning of the year	**4,797.24**	**4,761.16**
Add : Additions made during the year	36.05	36.08
Balance as at the end of the year	**4,833.29**	**4,797.24**

Nature and Purpose - Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs
**** Employee stock options**		
Balance as at the beginning of the year	**71.22**	**62.50**
Additions during the year	23.87	44.80
Less: Transfer to securities premium on exercise of stock options	36.05	36.08
Balance at the end of the year	**59.04**	**71.22**

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs
*** Retained earnings		
Balance as at the beginning of the year	**6,072.24**	**4,323.14**
Net profit for the year	1,828.78	1,866.67
Dividend	(80.29)	(79.99)
Dividend distribution tax	(16.35)	(16.28)
Transfer from other comprehensive income	(12.37)	(21.30)
Balance as at the end of the year	**7,792.01**	**6,072.24**

20 Non-current Borrowings

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Secured			
Term loan from banks			
- Indian rupee loan	374.62	478.74	565.53
- Foreign currency loan from banks/ External commercial borrowings (ECB)	2,336.40	2,812.19	3,244.55
- Vehicle Loans	9.91	18.14	10.00
	2,720.93	3,309.07	3,820.08
Unsecured			
Loan from Department of Scientific and Industrial Research (DSIR), Government of India	27.17	39.60	52.80
Deferred Sales tax loan	28.66	37.32	42.58
Others	381.61	-	-
	3,158.37	3,385.99	3,915.46
less: Current maturities of long term debt (Refer note 24)	(1,130.01)	(633.91)	(491.83)
	2,028.36	**2,752.08**	**3,423.63**

Nature of security and terms of repayment for secured borrowings

(i) Indian rupee loan from consortium member are secured by way of first charge on all present and future fixed assets including Land & Building, Plant & Machinery and second charge on all current assets on pari passu basis with lead banker & other members under consortium arrangement. The loans are also secured by personal guarantee of managing director. The borrowings made from a member bank of ₹ 374.62 lacs (31 March 2017: ₹ 478.74 lacs 1 April 2016: ₹ 565.53 lacs) are repayable in 84 equated monthly installments, commenced from April 2014, of ₹ 13.31 lacs each. The applicable interest rate on this loan is PLR less 4.5% p.a. (effective interest rate of 13.00% (31 March 2017: 13% 1 April 2016: 14.5%)).

-Foreign currency loan (ECB-I) of ₹ 842.11 Lacs (31 March 2017: ₹ 1,233 lacs 1 April 2016: ₹ 1,562 Lacs) from bank carries interest rate of 3 Month LIBOR plus 5% p.a. effective rate of 7.29% (31 March 2017: 6.15% 1 April 2016: 5.62%) which is repayable from May 2013 to May 2019 in half yearly installments ranging from ₹ 41.89 lacs to ₹ 295.90 lacs. Foreign currency loan (ECB-II) of ₹ 1516.06 lacs (31 March 2017: 1615.81 lacs 1 April 2016: ₹ 1734 lacs) carries interest rate of 6 Month LIBOR plus 4.70% p.a. effective rate of 7.68% (31 March 2017: 6.07% 1 April 2016: 5.59%) is repayable from November 2014 to November 2020 in half yearly instalments ranging from ₹ 16.69 lacs to ₹ 446.67 lacs. The Company has entered into Interest rate swap for securing fixed interest liability payable in USD against ECB-II. The effective interest rate under interest rate swap is 7.80% per annum.

(ii) -The loans 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.

(iii) -Vehicle Loan (Loan-I) having interest rate of 9.65% is repayable from April 2016 to March 2019 in 36 equal monthly instalments of ₹ 0.32 lacs each. Vehicle loan (Loan-II) having interest rate of 9.50% is repayable from June 2016 to May 2019 in 36 equal instalments of ₹ 0.48 lacs each.

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

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

(vi) Others include unsecured loan availed from Non-banking financial corporation during the year. This loan bearing interest rate of 16.50% is repayable in 24 equal monthly instalments of ₹ 24.35 Lacs each.

Assets Pledged as security

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

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Non Current Assets			
First Charge			
- Property, plant and equipment	10,914.37	9,468.43	8,990.30
- Asset held for sale	-	-	55.11
Current Assets (Second Charge)	14,136.55	12,404.23	12,652.72
Total assets Pledged as security	**25,050.92**	**21,872.66**	**21,698.13**

21 Deferred tax assets / liability (net)

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Deferred tax liabilities			
Fixed assets: Difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	1,188.72	1,020.55	950.90
Advance payment of employee benefits	-	0.80	-
	1,188.72	1,021.35	950.90
Deferred tax assets#			
Expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	53.51	87.21	84.51
Provision for doubtful debts, advances and deposits (#)	309.91	1,419.61	856.79
Carry forward business losses/unabsorbed depreciation	595.73	-	-
Provision for employee benefits	13.39	-	9.60
	972.54	1,506.82	950.90
Minimum alternative tax credit entitlement	583.68	458.07	443.66
Net Deferred Tax Asset/(Liability)	**367.50**	**943.54**	**443.66**

 # Restricted based on reasonable certainty as at 1 April 2016

22 Borrowings

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Current - Secured			
From Banks, repayable on demand			
- Cash credit / packing credit	4,774.07	4,292.71	5,153.97
- Buyer's Credit	-	219.13	214.50
From other body corporate	87.95	158.07	261.52
Current - Unsecured			
From other body corporate	94.21	-	-
	4,956.23	**4,669.91**	**5,629.99**

(a) Cash credit from banks are secured by the first charge on all current assets both present and future and second charge on all the fixed assets of the Company both present and future on pari pasu basis with other consortium members. The interest rate on cash credit facility from lead banker & other banks is MCLR plus 3.00% p.a., Base rate plus 3.50% p.a. and PLR minus 4.5% p.a. respectively. The loans are secured by personal guarantee of Managing Director.

(b) Packing credit in foreign currency and post shipment credit ₹ 463.81 lacs (31 March 2017: 500.79 lacs, 1 April 2016 : ₹ 673.68 lacs) in foreign currency from bank are secured by the first charge on all current assets both present and future and second charge on all the fixed assets of the Company both present and future on pari pasu basis with other consortium members. The interest rate on packing credit and post shipment credit facility from bank is LIBOR plus 2.5% p.a. respectively Loans are also secured by personal guarantee of managing director.

(c) Short term loan from body corporate amounting to ₹ 87.95 lacs is secured by bank guarantee having initial repayment period of 90 Days against each purchase at rate of interest of 11.00% p.a.

(d) Purchase Invoice Bill discounting facility ₹ 94.21 lacs. The interest rate applicable is 14% and the same is secured by the personal guarantee of Managing Director.

23 Trade payables

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Dues to Micro and Small Enterprises (Refer note below)	-	-	-
Dues to others	6,626.41	4,504.90	4,696.51
	6,626.41	**4,504.90**	**4,696.51**

Financial Statements

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year			
- Principal amount due to micro and small enterprises	-	-	-
- Interest due on above	-	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-	-

Note: This information has been given in respect of such vendors to the extent they could be identified as Micro and Small enterprises on the basis of information available with the Company.

24 Other financial liabilities

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Current			
Current maturities of long-term debt	1,130.01	633.91	491.83
Interest accrued but not due on borrowings	61.95	66.21	71.17
Unpaid dividends #	34.75	28.42	20.95
Employee benefits payable	291.02	266.91	225.41
Capital creditors	350.56	54.09	150.04
Overdrawn bank balance as per books	218.56	5.50	127.57
	2,086.85	**1,055.04**	**1,086.97**

#There are no amounts due to be transferred to the Investor Education and Protection Fund as at the year end.

25 Other current liabilities

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Advances from customers	240.89	600.85	364.87
Statutory dues	119.20	142.47	159.85
Deferred government incentive	46.73	15.16	-
Others	-	2.63	5.98
	406.82	**761.11**	**530.70**

26 Current tax liabilities (net)

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Provision for tax (net of advance tax ₹ Nil) (31 March 2017 ₹ 125.39 lacs, 1 April 2016 ₹ 120.85 lacs)	-	292.95	123.24
	-	**292.95**	**123.24**

27 Provisions

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Provision for employee benefits			
Provision for gratuity (Refer note 47)	41.29	20.89	21.76
Provision for compensated absences	1.23	-	5.98
	42.52	**20.89**	**27.74**

28 Revenue from operations

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Sale of products (including excise duty)		
Manufactured goods	24,777.30	20,886.85
Stock in trade	1,865.32	2,660.41
Excise duty on sales was included under Revenue from operations and disclosed separately under Expenses upto 30 June 2017. Post implementation of Goods and Service tax (GST) with effect from 01 July 2017, revenue from operations is reported net of GST and hence to that extent results are not comparable.		
Other Operating Revenue		
Export incentives	585.33	519.99
Scrap Sales	10.29	16.51
Others	98.14	12.15
	27,336.38	**24,095.91**

29 Other income

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Interest income on		
Fixed deposits	23.18	45.70
Others	16.72	6.47
Dividend income on investments	0.60	0.60
Exchange rate difference (net)	199.23	98.15
Apportioned income from government grant	6.29	1.68
Other non-operating income	96.22	332.89
	342.24	**485.49**

30 Cost of materials consumed

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Opening inventory	2,145.04	2,266.19
Add: Purchases	13,725.37	9,219.21
Less: Closing inventory	3,469.99	2,145.04
	12,400.42	**9,340.36**

31 Purchases of stock in trade

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Details of purchases of traded goods		
Tablets	817.78	993.96
Capsules	189.03	307.97
Bulk Drugs	771.83	1,213.18
	1,778.64	**2,515.11**

32 Changes in inventories of finished goods and work-in-progress

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
At the end of the year		
Work-in-progress	654.27	596.01
Finished goods	751.54	719.70
	1,405.81	**1,315.71**
At the beginning of the year		
Work-in-progress	596.01	550.58
Finished goods	719.70	906.49
	1,315.71	**1,457.07**
	(90.10)	**141.36**

33 Employee benefits expense

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Salaries, wages and bonus	3,764.15	3,027.61
Contribution to provident and other funds (Refer note 47 (a) and (b))	133.43	106.04
Gratuity expense (refer note 47)	37.28	22.67
Share based payments to employees	23.87	44.80
Staff welfare expenses	121.62	98.74
	4,080.35	**3,299.86**

34 Finance costs

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Interest on borrowings:		
- From banks	819.24	920.27
- From others	17.65	35.66
Exchange differences regarded as an adjustment to borrowing costs	13.65	(65.24)
Interest on delayed payment of income tax	6.94	39.98
Other borrowing costs	76.91	51.22
	934.39	**981.89**

35 Depreciation and amortization expense

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Depreciation on property, plant and equipment	909.09	855.26
Amortisation of intangible assets	69.86	46.99
	978.95	**902.25**

36 Other expenses

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Consumption of stores and spares	28.15	34.43
Power and fuel	563.04	521.90
Water charges	11.95	12.63
Insurance	12.89	11.83
Repairs and maintenance		
Machines	252.67	232.42
Buildings	48.62	52.39
Others	138.45	76.01
Printing & stationery	59.50	38.12
Communication costs	43.46	34.37
Legal and professional fees	494.18	561.21
Payment to auditors (Refer note below (a))	52.81	33.89
Advertisement & sales promotion	127.54	102.52
Travelling and conveyance	351.50	264.71
Commission on sales	2,115.50	1,721.14
Freight and forwarding charges	579.13	429.54
Bad debts/ advances written off (net of provision for bad and doubtful balances ₹ 2,628.81 lacs (31 March 2017 : Nil)	-	130.28
Rates and taxes	55.78	74.23
Fixed Assets Written off	0.96	10.69
Loss on sale of fixed assets (net)	11.20	22.02
Rent	8.40	6.00
Laboratories Expenses	313.76	380.56
Corporate social responsibility expenses (Refer note 52)	10.00	5.00
Miscellaneous expenses	344.88	292.15
	5,624.37	**5,048.04**

Note

(a) Auditors' Remuneration (excluding taxes)

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Audit Fees	32.00	32.00
Other Services	19.70	1.40
Out of Pocket Expenses	1.11	0.49
	52.81	**33.89**

37(A) Exceptional items

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Provision for doubtful debts written back	360.99	-
Provision for doubtful advances written back	225.31	-
	586.30	**-**

37(B) Tax (expense) / credit

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Current tax for the year	-	(419.03)
Tax adjustments pertaining to earlier years	125.62	53.58
Deferred tax expenses		
Increase / (Decrease) in deferred tax assets	(534.28)	555.92
(Increase) / Decrease in deferred tax liabilities	(167.37)	(70.45)
	(701.65)	**485.47**
	(576.03)	**120.02**
Tax reconciliation		
Profit before tax	**2,411.36**	**1,757.93**
Tax at the rate of 34.608%	(834.52)	(608.39)
Tax adjustment pertaining to earlier years	125.62	53.58
Tax effect of amounts which are not deductible / taxable		
Permanent Disallowances	(6.63)	(16.44)
Additional deduction under Income tax act, 1961	144.72	203.73
Allowances under income tax and others	-	485.47
Disallowance of Donation/Corporate social responsibility expenses	(7.25)	(4.95)
Other tax deductions	2.03	7.02
	(576.03)	**120.02**

38 Fair value measurements

Financial instruments by category:

All financial assets and financial liabilities, except derivative instruments and investment in equity shares (not made in subsidiary) of the Company are under the amortised cost measurement category at each of the reporting date.

Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received on selling of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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

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

Investment in equity shares (other than subsidiary) are measured at fair value through profit and loss at each reporting date. Since the valuation involves use of observable input, valuation is considered as Level 2.

Financial assets and financial liabilities measured at amortised cost, but for which fair values are disclosed as below:

₹ lacs

Fair value for assets and liabilities measured at amortised cost	31 March 2018				31 March 2017				1 April 2016			
	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3	Carrying amount
Financial liabilities												
Borrowings (other than current borrowings)	-	3,158.37	-	3,158.37	-	3,385.99	-	3,385.99	-	3,915.46	-	3,915.46

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

The carrying amounts of security deposits, current loans, other financial assets, fixed deposits with banks, current borrowings, trade payables and other current financial liabilities are considered to be approximately equal to their fair value.

The fair values computed above for assets measured at amortised cost are based on discounted cash flows using a current market interest rate. They are classified as level 2 fair values in the fair value hierarchy due to the use of observable inputs.

Valuation processes

The Company evaluates the fair value of financial assets and financial liabilities on periodic basis using the best and most relevant data available. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

39 Financial risk management

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board.

The Company is exposed to market risk, credit risk and liquidity risk.

A Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including deposits , foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommend risk management objectives and policies, which are approved by Chief financial officer. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures like foreign exchange forward contracts, borrowing strategies and ensuring compliance with market risk limits and policies.

Market risk - interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.
According to the Company, interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Exposure to interest rate risk

₹ in lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Total Borrowings	8,114.60	8,055.90	9,545.45
% of Borrowings out of above bearing variable rate of interest	88%	91%	90%

Interest rate sensitivity

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

₹ in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
50 bp increase would decrease the profit before tax by	(35.55)	(36.62)
50 bp decrease would Increase the profit before tax by	35.55	36.62

Market risk - Foreign currency risk management

The Company operates internationally wherein portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies and borrowings dominated in foreign currency. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

Derivative instruments and unhedged foreign currency exposure

(a) *Derivative instrument outstanding as at the reporting date*

Foreign currency In lacs

Particulars	As at 31 March 2018		As at 31 March 2017		Purpose
Forward contracts to sell USD	USD	-	USD	0.24	Hedge against highly probable foreign currency sales.
Forward contracts to buy USD	USD	-	USD	3.49	Hedge against highly probable foreign currency purchases and borrowings.
Interest rate swaps	USD	23.27	USD	24.92	Hedge against exposure to variable interest on loan. Swap to pay fixed interest @ 7.8% p.a. and receive a variable interest @LIBOR on the outstanding amount.

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

(b) *Particulars of unhedged foreign currency exposures as at the reporting date*
As at 31 March 2018

Amount in lacs

Particulars	USD		EURO		CAD	
	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade Receivable	53.73	3,500.08	0.31	25.22	-	-
Trade payables	4.52	294.22	0.20	15.87	-	-
Advance received from customers	2.81	186.51	0.19	14.69	0.08	3.92
Balance in EEFC Account	(0.26)	(16.75)	-	-	-	-
Borrowings	37.04	2,413.11	-	-	-	-
PCFC and PFCFC	7.12	463.82	-	-	-	-
Buyer's Credit	-	-	-	-	-	-
Export Commission	28.41	1,850.59	0.46	36.61	-	-

As at 31 March 2017

Amount in lacs

Particulars	USD		EURO		CAD	
	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade Receivable	49.28	3,195.89	0.19	12.99	-	-
Trade payables	0.13	8.43	0.11	7.45	-	-
Advance received from customers	4.00	262.43	0.26	18.22	-	-
Balance in EEFC Account	-	-	-	-	-	-
Borrowings	43.35	2,811.07	-	-	-	-
PCFC and PFCFC	7.72	500.79	-	-	-	-
Buyer's Credit	3.42	221.47	-	-	-	-
Export Commission	20.31	1,317.38	0.21	14.89	-	-

As at 1 April 2016

Amount in lacs

Particulars	USD		EURO		CAD	
	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade Receivable	37.14	2,460.88	0.27	20.58	-	-
Trade payables	4.87	322.48	-	-	-	-
Advance received from customers	1.12	72.53	0.61	46.13	-	-
Balance in EEFC Account	0.69	45.89	-	-	-	-
Borrowings	53.03	3,513.36	-	-	-	-
PCFC and PFCFC	6.52	432.28	-	-	-	-
Buyer's Credit	3.29	217.99	-	-	-	-
Export Commission	13.20	874.37	0.21	15.72	-	-

Sensitivity to foreign currency risk

₹ in lacs

Particulars	Impact on statement of profit and loss for the year ended	
	31 March 2018	31 March 2017
USD sensitivity		
INR / USD		
Increase by 5%	(84.57)	(96.28)
Decrease by 5%	84.57	96.28
Euro sensitivity		
INR / Euro		
Increase by 5%	(2.10)	(1.38)
Decrease by 5%	2.10	1.38

B Credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

i) Actual or expected significant adverse changes in business,
ii) Actual or expected significant changes in the operating results of the counterparty,
iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
iv) Significant increase in credit risk on other financial instruments of the same counterparty,
v) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements .

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the statement of profit and loss.

Credit risk management

To manage credit risk, the Company periodically assesses the financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. There is no significant concentration of credit risk.

Bank balances are held with only high rated banks and majority of security deposits are placed majorly with government agencies. Trade receivables are generally recovered within the credit period. The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

Ageing of Account receivables

₹ in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Not due	3,987.10	4,674.16	3,453.29
0-6 months	2,045.57	1,727.38	2,722.14
6-12 months	1,571.43	378.69	2,368.99
12 months to 24 months	314.24	2,799.82	3,438.27
beyond 24 months	1,614.21	2,926.45	515.52
Total	**9,532.55**	**12,506.50**	**12,498.21**

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

Movement in provisions of doubtful debts

₹ in lacs

	As at 31 March 2018	As at 31 March 2017
Opening provision	3,688.28	3,688.28
Add:- Additional provision made	-	-
Less:- Provision utilised/ adjusted against bad debts	(2,628.81)	-
Less:- Provision reversed against recoveries	(360.99)	-
Closing provisions	**698.48**	**3,688.28**

C Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities – borrowings, trade payables and other financial liabilities.

Liquidity risk management

The Company's corporate treasury department is responsible for liquidity and funding as well as settlement management. The processes and policies related to such risks are overseen by Chief financial officer. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Maturities of non – derivative financial liabilities

As at 31 March 2018

Particulars	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
Non-current borrowings (including current maturities)	1,130.01	2,028.36	-	**3,158.37**
Current financial liabilities - Borrowings	4,956.23	-	-	**4,956.23**
Trade payables	6,626.41	-	-	**6,626.41**
Other current financial liabilities	922.09	-	-	**922.09**
Total	**13,634.74**	**2,028.36**	**-**	**15,663.10**

As at 31 March 2017

Particulars	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
Non-current borrowings from banks (including current maturities)	633.91	2,752.08	-	**3,385.99**
Current financial liabilities - Borrowings	4,669.91	-	-	**4,669.91**
Trade payables	4,504.90	-	-	**4,504.90**
Other current financial liabilities	392.71	-	-	**392.71**
Total	**10,201.43**	**2,752.08**	**-**	**12,953.51**

As at 1 April 2016

Particulars	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
Non-current borrowings from banks (including current maturities)	491.83	3,423.63	-	**3,915.46**
Current financial liabilities - Borrowings	5,629.99	-	-	**5,629.99**
Trade payables	4,696.51	-	-	**4,696.51**
Other current financial liabilities	574.19	-	-	**574.19**
Total	**11,392.52**	**3,423.63**	**-**	**14,816.15**

40 Capital management

40.1 Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

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

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
The capital composition is as follows:			
Net debt#	8,030.15	8,082.62	9,545.72
Total equity	13,596.51	11,849.81	10,052.85
Net debt to equity ratio	**59%**	**68%**	**95%**

 # includes non-current borrowings, current borrowings, current maturities of non-current borrowings and interest accrued but not due on borrowings (net of cash and cash equivalents)

40.2 Dividends

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Equity dividend		
Final dividend for the year ended 31 March 2017 of ₹ 1 per fully paid share (31 March 2016 : ₹ 1 per fully paid share)	80.29	79.99

41 Net debt reconciliation

₹ in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Cash and cash equivalents and bank overdraft	146.40	39.49	70.90
Margin money deposits	263.42	506.01	589.66
Non- current borrowings	(3,158.37)	(3,385.99)	(3,915.46)
Current borrowings	(4,956.23)	(4,669.91)	(5,629.99)
Interest Payable	(61.95)	(66.21)	(71.17)
Net Debt	**(7,766.73)**	**(7,576.61)**	**(8,956.06)**

₹ in lacs

	Cash and cash equivalents and bank overdraft	Margin money deposits	Non current borrowings	Current borrowings	Interest Payable	Total
Net as at 1 April 2016	70.90	589.66	(3,915.46)	(5,629.99)	(71.17)	**(8,956.06)**
Cash flows	(31.41)	(83.65)	468.74	950.16	-	**1,303.84**
Foreign Exchange adjustments	-	-	60.73	9.92	(8.38)	**62.27**
Finance Cost Expense	-	-	-	-	(981.89)	**(981.89)**
Finance Cost Paid	-	-	-	-	995.23	**995.23**
Net as at 31 March 2017	**39.49**	**506.01**	**(3,385.99)**	**(4,669.91)**	**(66.21)**	**(7,576.61)**
Cash flows	106.91	(242.59)	237.98	(279.80)	-	**(177.50)**
Foreign Exchange adjustments	-	-	(10.36)	(6.52)	25.23	**8.35**
Finance Cost Expense	-	-	-	-	(934.39)	**(934.39)**
Finance Cost Paid	-	-	-	-	913.42	**913.42**
Net as at 31 March 2018	**146.40**	**263.42**	**(3,158.37)**	**(4,956.23)**	**(61.95)**	**(7,766.73)**

42 Investments in subsidiary

Sr. No	Subsidiary / joint venture	Name of the Subsidiary / joint venture	Principal place of business and country of incorporation	Proportion of ownership interest	Method of accounting
1	Subsidiary	Zim Laboratories FZE,UAE	UAE	100%	Cost

43 Operating leases

Where Company is the lessee :
Future minimum rentals payable under non-cancellable operating leases are as follows:

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Within one year	9.60	6.60	6.60
After one year but not more than five year	34.88	21.67	28.27
More than five years	-	-	-

The Company has entered into operating lease agreement for a premises. The lease term is 5 years with lease rent of ₹ 9.6 lacs p.a. (31 March 2017 ₹ 6.60 lacs p.a.). The renewal option is included in the contracts. There are no restrictions placed upon the Company by entering into these leases. There is escalation clause in the lease agreement. There are no subleases.

44 Research and development expenditure

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Revenue expenditure charged to Statement of Profit and Loss (under notes 30, 32, 33, 35 and 36)	937.37	813.80
Capital Expenditure	554.81	136.53
	1,492.18	**950.33**

45 Related party disclosures

As per Ind AS 24 “Related party Disclosures”, disclosure of transactions with the related parties as defined in the Indian Accounting Standard are given below:

List of related parties and relationship

(i) Subsidiary

Zim Laboratories FZE,UAE

(ii) Key Managerial Personnel:

Mr. Anwar S. Daud	Managing Director
Mr. Zulfiquar Kamal	Director & CFO
Mr. Riaz A. Kamal	Executive Director
Mr. Niraj Dhadiwal	Executive Director
Mr. Prakash Sapkal	Executive Director
Mr.Naresh Gaikwad	Independent Director
Mr. V.V. Parashar	Independent Director
Mr. Suprakash. Chakravarty	Independent Director
Mr. Padmakar Joshi (w.e.f. 21 September 2017)	Independent Director
Mrs. Kavita Loya (w.e.f 21 September 2017)	Independent Director
Mr. Piyush Nikhade (w.e.f 1 September 2017)	Company Secretary
Mr. R.A. Parasuraman (upto 31 August 2017)	Company Secretary

(iii) Other relatives:

Mrs. Nidhi Sapkal	Wife of Executive Director

(iv) Other Significant influences

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

Related Party Disclosures:

Nature of transactions	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
1) Remuneration		
Mr. Anwar S. Daud	100.00	80.00
Mr. Riaz A. Kamal	27.00	20.00
Mr. Zulfiquar Kamal	62.50	48.00
Mr. Niraj Dhadiwal	59.75	53.78
Mr. Prakash Sapkal	58.25	52.78
Mr. Piyush Nikhade	4.67	-
Mr. R.A. Parasuraman	2.50	6.00
2) Director's fees and commission		
Mr.Naresh Gaikwad	1.00	0.60
Mr. V.V. Parashar	1.00	0.60
Mr. Suprakash. Chakravarty	1.00	0.60
Mr. Padmakar Joshi	0.50	-
Mrs. Kavita Loya	3.00	-
3) Professional Fees		
Mrs. Nidhi Sapkal	12.00	-
4) Rent paid		
Mr. Anwar S. Daud	8.40	6.00
The remuneration to Key management personnel does not include provision for employee benefits determined based on actuarial basis.		
5) Share Application Money received, shares were allotted during the year under ESOS		
Mr. Niraj Dhadiwal	1.25	1.25
Mr. Prakash Sapkal	1.25	1.25
6) Dividend Paid		
Mr. Anwar S. Daud	22.23	22.23
Mr. Riaz A. Kamal	0.02	0.02
Mr. Zulfiquar Kamal	1.99	1.99
Mr. Niraj Dhadiwal	0.25	0.13
Mr. Prakash Sapkal	0.25	0.13
AA Development Capital India Fund 1, LLC	17.83	17.83

Nature of transactions		Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
7)	**Sales**		
	Zim Laboratories FZE,UAE	179.90	-
8)	**Advances given and received**		
	Zim Laboratories FZE,UAE	4.47	-

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Balances outstanding at year end			
Advance against expenses to Managing Director			
Mr. Anwar S.Daud	6.01	11.86	14.28
Payable to Key Managerial Personnel			
Mr. Anwar S. Daud	14.42	14.11	12.72
Mr. Zulfiquar Kamal	7.35	4.76	4.40
Mr. Riaz A. Kamal	5.09	1.87	1.42
Mr. Niraj Dhadiwal	1.00	3.62	2.97
Mr. Prakash Sapkal	5.81	3.75	3.26
Mr.Naresh Gaikwad	0.03	0.13	-
Mr. V.V. Parashar	0.03	0.13	-
Mr. Suprakash. Chakravarty	0.65	0.18	-
Mr. Padmakar Joshi	0.15	-	-
Mrs. Kavita Loya	1.70	-	-
Mr. Piyush Nikhade	0.67	-	-
Trade Payable			
Mr. Anwar S. Daud	7.56	1.80	1.78
Mrs. Nidhi Sapkal	1.89	-	-
Trade Receivable			
Zim Laboratories FZE,UAE	185.18	-	-

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 20 and 22).

Executive Directors compensation

		Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
a)	Short- term employee benefits	304.92	251.98
b)	Post- employment benefits	2.58	2.58
Total compensation *		**307.50**	**254.56**

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

46 Contingent Liabilities and Commitments

(A) Contingent Liabilities

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Sales tax	-	-	21.33
Service tax	259.76	254.32	5.76
Income tax	275.71	277.04	322.23
Gram Panchayat Tax	6.69	6.69	4.41
Labour claims	15.00	15.00	15.00
Export obligation-Advance License	31.09	1.26	19.82
Total	**588.25**	**554.31**	**388.55**

Notes:

1. *The Company does not expect any reimbursement in respect of the above contingent liabilities.*
2. *It is not practical to estimate the timing of cash outflows, if any, in respect of matters above, pending resolution/completion of the appellate proceedings/other proceedings, as applicable.*

(B) Commitments

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Estimated value of contracts in capital account remaining to be executed (net of capital advance)	221.44	282.12	0.75
Commitment relating to lease arrangements (Also refer note 43)	44.48	28.27	34.87

47 Employee benefits

As per Indian Accounting Standard-19, 'Employee Benefits', the disclosure of Employee benefits as defined in the Standard are given below:

(a) Defined Contribution Plan:

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Employer's Contribution to Provident fund	109.03	90.92
Employer's Contribution to ESIC	24.40	15.12

(b) Defined Benefits Plan :

Gratuity

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

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Mortality Table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Discount rate	7.68%	7.09%
Salary growth rate	5.00%	5.00%
Withdrawal rate	12.00%	12.00%
Expected rate & return on Plan assets	7.68%	7.09%
Changes in the Fair value of Plan Assets		
Present Value of Plan Assets at the beginning of the year	241.81	176.25
Investment Income	17.14	13.83
Employer's Contribution	30.77	52.30
Benefits Paid	-	(0.28)
Return on plan assets, excluding amount recognised in net interest expense	(0.10)	(0.29)
Fair Value of Plan Assets at the end of the year	**289.62**	**241.81**
Changes in the Present Value of Obligation		
Present Value of Obligation at the beginning of the year	262.69	198.01
Current Service Cost	30.64	20.97
Interest Expenses or Cost	18.63	15.52
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in the demographic assumptions	-	(3.64)
- change in the financial assumptions	(10.01)	9.93
- experience variance (i.e. Actual experience v/s assumptions)	28.83	26.00
Past Service Cost	3.65	-
Benefits Paid	(3.52)	(4.10)
Present Value of Obligation at the end of the year	**330.91**	**262.69**

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Amount recognised in the Balance Sheet			
Present Value of Obligation at the end of the year	330.91	262.70	198.01
Fair Value of Plan Assets at the end of the year	(289.62)	(241.81)	(176.25)
Net Liability recognised at the end of the year	**41.29**	**20.89**	**21.76**
Percentage of each category of plan assets to total fair value of plan assets as at year end:			
Administered by Life Insurance Corporation of India	**100.00%**	**100.00%**	**100.00%**

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Expenses recognised in the Statement of Profit and Loss		
Current Service Cost	30.64	20.97
Past Service Cost	3.65	-
Loss/ (Gain) on settlement	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	1.48	1.70
Total expenses recognised in the Statement of Profit and Loss	**35.77**	**22.67**
Actuarial (gains) / losses		
Actuarial (Gains)/Losses on Obligation For the Period	18.82	32.29
Return on Plan Assets, Excluding Interest Income	0.10	0.29
Actuarial (Gain)/ Loss recognised in Other Comprehensive Income	**18.92**	**32.58**
The defined benefit obligations shall mature after year end 31 March 2018 as follows :		
2018	-	34.22
2019	43.38	30.39
2020	40.71	29.99
2021	41.53	30.58
2022	45.80	33.47
2023	35.26	-
Thereafter	328.75	258.07

Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, attrition rate and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of the sensitivity analysis is given below:

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs
Defined Benefit Obligation (Base)	330.91	262.70

	Year ended 31 March 2018 ₹ lacs		Year ended 31 March 2017 ₹ lacs	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+ 1%)	17.36	(15.65)	14.56	(13.07)
(% change compared to base due to sensitivity)	5.2%	-4.7%	5.5%	-5.0%
Salary Growth Rate (-/+ 1%)	(16.08)	17.42	(13.44)	14.71
(% change compared to base due to sensitivity)	-4.9%	5.3%	-5.1%	5.6%
Attrition Rate (-/+ 0.50%)	(2.39)	2.10	(1.18)	0.99
(% change compared to base due to sensitivity)	-0.7%	0.6%	-0.4%	0.4%

(c) Compensated absences

The obligation for compensated absences is recognised in the same manner as gratuity and net charge to the Statement of Profit and Loss for the year is ₹ 37.22 lacs (Previous Year: ₹ 31.99 lacs).

48 Segment reporting

The Company is primarily engaged in the business of pharmaceuticals. The Company has entrusted decision making authority to the Managing Director (highest authority) who is the Chief Operating Decision Maker (CODM) who has complete control over the operating decisions and is responsible for the information presented to the Board of Directors. Managing Director reviews the Company's performance based on the analysis of the Profit Before Tax (PBT) at an overall entity level and therefore there is no other seperate reportable segment for the Company as defined by Ind AS 108 "Operating Segment".

Information about geographical areas are as under :

₹ lacs

Particulars	31 March 2018			31 March 2017		
	In India	Outside India	Total	In India	Outside India	Total
Revenue from operations	11,657.15	15,679.23	**27,336.38**	10,585.74	13,510.17	**24,095.91**
Carrying amount of segment assets	25,362.31	3,901.00	**29,263.31**	21,446.34	3,516.81	**24,963.15**
Capital expenditure for the year	1,704.63	304.31	**2,008.94**	531.31	129.35	**660.66**
- Property, Plant and Equipment	1,702.03	-	**1,702.03**	530.75	-	**530.75**
- Intangible assets	2.60	304.31	**306.91**	0.56	129.35	**129.91**

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

49 Employees Stock Option Scheme

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

I. The position of the Employee Stock Option Scheme (ESOS) of the Company as at 31 March 2018 is as under:

S.No.	Particulars	ESOS
1	Details of approval	Resolution passed by Nomination & Remuneration committee at its meeting dated 16 May 2015 and the shareholders, in the Extra ordinary General Meeting held on 27 May 2015 had approved the grant of 1,22,449 employee stock options in accordance with the ESOP Scheme, equivalent to 1.53% of the issued and paid up share capital of the Company as at 31 March 2015.
2	Total number of stock options approved	1,22,449
3	Vesting schedule	25% of granted options to each of the employees shall vest on 1 June 2016, 1 June 2017, 1 June 2018 and 1 June 2019 respectively.
4	Maximum term of Options granted (years)	5
5	Source of shares (Primary, Secondary or combination)	Primary
6	Variation in terms of options	NA

S.No.	Particulars	ESOS
7	Price per option	At Face value (i.e. ₹ 10)
8	The exercise period	Exercise anytime within one year from date of vesting.
9	Vested during the year	30,608
10	Exercised during the year	30,608
11	Weighted average price*	118

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

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

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

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

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

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

IV. The movement of stock options during the year ended 31 March 2018 are summarized below:

Particulars	Number of options
Options outstanding at the beginning of the year	91,824
Options granted during the year	Nil
Options Forfeited / lapsed during the year	Nil
Options vested during the year	30,608
Options exercised during the year	30,608
Total number of shares arising as a result of exercise of options	30,608
Money realised by exercise of options	3,06,080
Expired during the year	Nil
Options outstanding at the end of the year	61,216
Options exercisable at the end of the year	Nil

V. The exercise price and expected remaining contractual life (comprising the vesting period and exercise period) of options outstanding as at 31 March 2018 is as follows:

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

Financial Statements

VI. Cash inflow on exercise of options and weighted average share price at the date of exercise:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Exercised during the year	3,06,080	3,06,250

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

VII. The estimates of future cash inflow that may be received upon exercise of options:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Within one year	3,06,080	3,06,080
Between two years to five years	3,06,080	6,12,160

50 First time adoption of Ind AS

First Ind AS Financial statements

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet as at 1 April 2016 (the date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with accounting standards notified under Companies (Accounting Standards) Rules, 2006, as amended and the relevant provisions of the Act (Indian GAAP/Previous GAAP). Consequently, in preparing these Ind AS financial statements, the Company has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as explained below. The resulting difference in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity).

An explanation of how the transition from Previous GAAP to Ind AS has affected the Company's financial position and financial performance is set out in the below notes:"

A Exemptions and exceptions availed

(i) Ind AS optional exemption

Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38, Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value on the date of transition.

Investments in subsidiaries, joint ventures and associates

The Company has opted to continue with the carrying values measured (at cost) under the previous GAAP and use that carrying value as the deemed cost for the investment in subsidiaries on the date of transition to Ind AS.

Share-based payment

The Company has availed exemption available under Ind AS 101 on application of Ind AS 102, "Share Based Payment", for equity instruments that vested before the date of transition to Ind AS and accordingly the unvested options as on the transition date have been measured at fair value as against instrinsic value previously recognised under Previous GAAP.

Asset held for sale

The Company has opted for transitional relief under Ind AS 101 (paragraph D35AA) while applying Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. Paragraph D35AA provides the Company to use the transitional date circumstances to measure such assets or operations at the lower of carrying value and fair value less cost to sell.

ii Ind AS mandatory exception

Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

The estimates as at 1 April 2016 and 31 March 2017 are consistent with those made for the same dates in accordance with previous GAAP (after adjustment to reflect differences if any, in accounting policies) apart from the below item where the application of previous GAAP did not require estimation:

- Impairment of financial assets based on the expected credit loss model

The estimates used by the Company to present the amounts in accordance with Ind AS reflect conditions that existed at the date of transition to Ind AS.

De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information required to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initial accounting for those transactions.

The Company has applied the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

B First time adoption reconciliations

Reconciliation of equity from Previous GAAP to Ind AS

₹ lacs

Particulars	Note	Equity as at 31 March 2017	Equity as at 1 April 2016
Equity as per Indian GAAP		**11,813.19**	**9,905.10**
GAAP adjustments:			
Impact on account of reversal of proposed dividend (including tax)	B.1	-	96.27
Loan processing charges recognized	B.2	36.62	51.48
Total - GAAP adjustments		**36.62**	**147.75**
Equity as per Ind AS		**11,849.81**	**10,052.85**

Reconciliation of profit and loss for the year 2016-17

₹ lacs

Particulars	Note	Equity as at 31 March 2017
Net Profit for the period as per Indian GAAP		**1,859.89**
GAAP adjustments:		
Impact of recognising actuarial gains / (losses) in OCI	B.3	32.58
Loan processing charges recognized	B.2	(14.86)
Others	B.4	0.34
Impact of deferred taxes on the above adjustments	B.5	(11.28)
Net profit after tax for the period under Ind AS		**1,866.67**
Other comprehensive income (net of tax)		(21.30)
Profit / Loss as per Ind AS		**1,845.37**

Explanations to reconciliations

B.1 Impact on account of reversal of proposed dividend (including tax)

Previous GAAP – Proposed dividends upto 31 March 2016, were recognised as a liability, basis adjusting event occurring after the balance sheet date.

Ind AS – Dividends are non-adjusting events post balance sheet date and hence recognised as and when approved by the shareholders. Consequent to the change, dividends proposed (incl. tax thereon) as at 31 March 2016 of ₹ 96.27 have been reversed in equity.

B.2 Impact of recognising prepaid expenses on transaction costs incurred towards origination of borrowings

Indian GAAP - these transaction costs were charged to the profit and loss as and when incurred.

Ind AS - These costs are recognised in the profit and loss over the tenure of the borrowing as interest expense, corresponding effect being in Prepaid expenses ₹ 36.62 lacs (1 April 2016 - ₹ 51.48 lacs) since variable in nature.

B.3 Impact of recognising actuarial gains / losses on defined benefit obligations in other comprehensive income

Indian GAAP - Actuarial gains / losses on defined benefit obligations is recognised in statement of profit and loss.

Ind AS - Actuarial gains / losses on defined benefit obligations is recognised in other comprehensive income (OCI). Consequently, actuarial gains of ₹ 32.58 lacs has been recognised in OCI

B.4 Impact of remeasurement of Employee stock option expense

Indian GAAP - The cost of equity-settled employee share-based plan were recognised using the intrinsic value method.

Ind AS - The cost of equity-settled employee share-based plan is recognised based on the fair value of the options as at the grant date. Consequently, the amount recognized in the share option outstanding account increased by ₹ 0.34 lacs.

B.5 Impact on account of deferred taxes

The impact of transition adjustments together with Ind AS mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred tax has impacted the reserves on date of transition, with consequential impacts to the statement of profit and loss for the subsequent periods leading to increase in the deferred tax expense by ₹ 11.28 lacs.

51 Earnings per share

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
I. Profit Computation for both Basic and Diluted Earnings per share:		
Net Profit attributable to equity share holders (in ₹)	1,828.78	1,866.67
II. Computation of weighted average number of equity shares :		
Weighted average number of equity shares in calculating basic EPS	80,50,613	80,21,761
Weighted average number of equity shares in calculating diluted EPS	81,07,039	81,06,401
III. Earnings Per Share:		
Basic (in ₹)	22.72	23.27
Diluted (in ₹)	22.56	23.03

52 Corporate Social Responsibility (CSR)

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

Particulars	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Average net profit of the Company for last three financial years	(98.36)	(255.11)
Prescribed CSR expenditure (2% of the average net profit as computed above)	-	-
Details of CSR expenditure during the financial year :		
Total amount to be spent for the financial year	-	-
Amount spent	10.00	5.00
Amount unspent	-	-

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

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

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

Place: Nagpur
Date: 25 May 2018

For and on behalf of the Board of Directors

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director & CFO
DIN: 01786763

Place: Nagpur
Date: 25 May 2018

Piyush Nikhade
Company Secretary

Independent Auditor's Report

To the Members of Zim Laboratories Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Zim Laboratories Limited ('the Holding Company') and its foreign subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in paragraph 9 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

8. I8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and on the other financial information 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 (consolidated financial position) of the Group as at 31 March 2018, and their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matter

9. We did not audit the financial statements of one subsidiary included in the consolidated financial statements, whose financial statements reflect total assets of ₹ 274.53 lacs and net assets of ₹ 67.76 lacs as at 31 March 2018, total revenues of ₹ 270.04 lacs and net cash outflows amounting to ₹ 2.44 lacs for the year ended on that date,

as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

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

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

10. The company had prepared separate sets of consolidated financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports dated 11 August 2017 and 1 September 2016 respectively. These separate sets of consolidated financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and other financial information of the subsidiary, we report, to the extent applicable, that:

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

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditors.

c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding company are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

e) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure I';

f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

(i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 46 to the consolidated financial statements.

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

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2018.

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

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

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

Place: Nagpur
Date: 25 May 2018

Financial Statements

Annexure I

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 Zim Laboratories Limited ('the Holding Company') and its foreign subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), as at and for the year ended 31 March 2018, 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.

Auditor's 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 includes 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.

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 controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

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

Place: Nagpur
Date: 25 May 2018

Consolidated Balance Sheet

as at 31 March 2018

	Note	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
ASSETS				
Non-current assets				
Property, plant and equipment	3	9,293.44	8,749.88	9,064.95
Capital work-in-progress	4	477.33	270.75	293.25
Intangible assets	5 (A)	122.33	125.54	154.31
Intangible assets under development	5 (B)	351.95	111.69	-
Financial Assets				
Investment	6	5.15	5.15	5.10
Other financial assets	7	162.02	40.21	56.64
Deferred tax assets (net)	21	367.50	943.54	443.66
Current tax Assets	8	112.89	-	-
Other non-current assets	9	1,512.55	282.28	184.17
		12,405.16	**10,529.04**	**10,202.08**
Current assets				
Inventories	10	5,156.08	3,546.52	3,771.89
Financial Assets				
Trade receivables	11	8,922.34	8,818.22	8,809.93
Cash and cash equivalents	12	146.88	42.42	74.43
Bank balances other than cash and cash equivalents	13	205.85	518.84	564.97
Loans	14	9.31	8.21	6.44
Other financial assets	15	108.04	149.14	127.29
Other current assets	16	2,875.41	2,294.13	1,960.39
Asset held for sale	17	-	-	55.11
		17,423.91	**15,377.48**	**15,370.45**
TOTAL ASSETS		**29,829.07**	**25,906.52**	**25,572.53**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	18	805.97	802.91	799.85
Other equity	19	12,854.32	11,030.22	9,244.14
		13,660.29	**11,833.13**	**10,043.99**
Liabilities				
Non-current liabilities				
Financial Liabilities				
Borrowings	20	2,028.36	2,752.08	3,423.63
		2,028.36	**2,752.08**	**3,423.63**
Current liabilities				
Financial Liabilities				
Borrowings	22	4,956.23	4,669.91	5,629.99
Trade payables	23	6,626.41	4,504.90	4,696.51
Other financial liabilities	24	2,086.85	1,055.04	1,086.97
Other current liabilities	25	428.41	777.62	540.46
Current Tax Liabilities (net)	26	-	292.95	123.24
Provisions	27	42.52	20.89	27.74
		14,140.42	**11,321.31**	**12,104.91**
TOTAL EQUITY AND LIABILITIES		**29,829.07**	**25,906.52**	**25,572.53**
Significant accounting policies and other explanatory information	1 - 52			

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

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

For and on behalf of the Board of Directors

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

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director & CFO
DIN: 01786763

Place: Nagpur
Date: 25 May 2018

Place: Nagpur
Date: 25 May 2018

Piyush Nikhade
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended 31 March 2018

		Note	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
I.	**Income**			
	Revenue From Operations	28	27,426.52	24,095.91
	Other Income	29	342.24	485.49
	Total Income		**27,768.76**	**24,581.40**
II.	**Expenses:**			
	Cost of materials consumed	30	12,400.42	9,340.36
	Purchases of stock in trade	31	1,778.64	2,515.11
	Changes in inventories of finished goods and work-in-progress	32	(90.10)	141.36
	Excise duty expense		146.54	594.60
	Employee benefits expense	33	4,080.35	3,299.86
	Finance costs	34	934.39	981.89
	Depreciation and amortization expense	35	978.95	902.25
	Other expenses	36	5,632.30	5,056.11
	Total expenses		**25,861.49**	**22,831.54**
III.	**Profit before exceptional item and tax**		**1,907.27**	**1,749.86**
	Exceptional Items	37 (A)	586.30	-
IV.	**Profit before tax**		2,493.57	1,749.86
V.	**Tax (expense)/credit:**	37 (B)		
	(i) Current Tax		-	(419.03)
	(ii) Tax (deferred) adjustment pertaining to earlier years		125.62	53.58
	(ii) Deferred Tax		(708.20)	474.19
			(582.58)	**108.74**
VI.	**Net Profit After Tax**		**1,910.99**	**1,858.60**
VII.	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	- Measurements of defined employee benefit plans		(18.92)	(32.58)
	- Income tax relating to items that will not be reclassified to profit or loss		6.55	11.28
	Items that may be reclassified to profit or loss			
	- Gains and losses arising from translating the financial statements of foreign operation		(1.75)	0.25
			(14.12)	**(21.05)**
VIII.	**Total Comprehensive Income for the period**		**1,896.87**	**1,837.55**
IX.	**Earnings per equity share: Nominal value of ₹ 10 per share**	51		
	Basic (in ₹)		23.74	23.17
	Diluted (in ₹)		23.57	22.93
	Significant accounting policies and other explanatory information	1 - 52		

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

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

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

Place: Nagpur
Date: 25 May 2018

For and on behalf of the Board of Directors

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director & CFO
DIN: 01786763

Place: Nagpur
Date: 25 May 2018

Piyush Nikhade
Company Secretary

Consolidated Statement of Changes in Equity

for the year ended 31 March 2018

Equity share capital (Refer note 18)

	Number of shares	₹ lacs
As at April 01, 2016	79,98,520	799.85
Changes during the year	30,625	3.06
As at March 31, 2017	**80,29,145**	**802.91**
Changes during the year	30,608	3.06
As at March 31, 2018	**80,59,753**	**805.97**

Other equity (Refer note 19)

(₹ lacs)

	Reserves & Surplus				Employee stock options	Total
	Securities Premium	General Reserve	Foreign currency monetary items translation	Retained earnings		
Opening balance as at 1 April 2016	4,761.16	106.20	(0.11)	4,314.39	62.50	**9,244.14**
Transactions during the year						
Total comprehensive income for the year						
Profit / (loss) for the year	-	-	-	1,858.60	-	**1,858.60**
Dividend	-	-	-	(79.99)	-	**(79.99)**
Dividend distribution tax	-	-	-	(16.28)	-	**(16.28)**
Employee Stock Option expenses	-	-	-	-	44.80	**44.80**
Transfer from ESOP	36.08	-	-	-	(36.08)	**-**
OCI for the year	-	-	0.25	(21.30)	-	**(21.05)**
Closing balance as at 31 March 2017	**4,797.24**	**106.20**	**0.14**	**6,055.42**	**71.22**	**11,030.22**
Transactions during the year						
Total comprehensive income for the year						
Profit / (loss) for the year	-	-	-	1,910.99	-	**1,910.99**
Dividend	-	-	-	(80.29)	-	**(80.29)**
Dividend distribution tax	-	-	-	(16.35)	-	**(16.35)**
Employee Stock Option expenses	-	-	-	-	23.87	**23.87**
Transfer from ESOP	36.05	-	-	-	(36.05)	**-**
OCI for the year	-	-	(1.75)	(12.37)	-	**(14.12)**
Closing balance as at 31 March 2018	**4,833.29**	**106.20**	**(1.61)**	**7,857.40**	**59.04**	**12,854.32**

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

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

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

Place: Nagpur
Date: 25 May 2018

For and on behalf of the Board of Directors

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director & CFO
DIN: 01786763

Place: Nagpur
Date: 25 May 2018

Piyush Nikhade
Company Secretary

Consolidated Cash Flow Statement

for the year ended 31 March 2018

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Cash flow from operating activities		
Profit before tax	**2,493.57**	**1,749.86**
Depreciation and amortisation expense	978.95	902.25
Government Incentive	(6.29)	(1.68)
Loss on sale of fixed assets (net)	11.20	22.02
Fixed Assets Written off	0.96	10.69
Unrealized Foreign Exchange (Gain)/Loss	(70.74)	38.69
Premium on forward exchange contract amortised	-	2.18
Provision for employee benefits	21.74	(6.85)
Dividend income on investments	(0.60)	(1.00)
Interest income	(23.18)	(45.70)
Bad debts Written off	-	130.28
Employee compensation cost (ESOP costs)	23.87	45.14
Finance costs	934.39	981.89
Exceptional items	(586.30)	-
Operating profit before working capital changes	**3,777.57**	**3,827.77**
Movement in working capital :		
Increase/(decrease) in trade & other payables	2,109.38	(34.36)
Increase/(decrease) in provisions	(0.11)	(6.85)
(Increase)/decrease in inventories	(1,609.56)	225.37
(Increase)/decrease in trade & other receivables	(210.16)	(556.19)
Net Cash generated from operations	**4,067.12**	**3,455.74**
Direct taxes paid (net of refunds)	(405.84)	(248.63)
Net cash flow from operating activities (A)	**3,661.28**	**3,207.11**
Cash flows from investing activities		
Purchase of property plant and equipment (including capital advances)	(2,851.60)	(887.53)
Proceeds from disposal of property plant and equipment	3.05	35.45
(Purchase) of non-current investment	-	(0.05)
Investments in bank deposits (having original maturity of more than three months)	(126.11)	(239.43)
Maturity of bank deposits (having original maturity of more than three months)	368.70	323.08
Interest received	22.25	43.09
Dividend received	0.60	1.00
Net cash from/ (used in) investing activities (B)	**(2,583.11)**	**(724.39)**

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Cash flows from financing activities		
Proceeds from issue of equity shares	3.06	3.06
Proceeds from long term borrowings	495.00	15.00
(Repayment) of long term borrowings	(747.84)	(498.60)
Proceeds from short term borrowings	593.06	-
(Repayment) of short term borrowings	(313.26)	(950.16)
Finance costs paid	(913.42)	(995.23)
Dividend paid on equity shares	(73.96)	(72.52)
Tax on equity dividend paid	(16.35)	(16.28)
Net cash from/ (used in) financing activities (C)	**(973.71)**	**(2,514.73)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**104.46**	**(32.01)**
Opening cash and cash equivalents	42.42	74.43
Closing cash and cash equivalents	**146.88**	**42.42**

Components of cash and cash equivalents	**31-Mar-18**	**31-Mar-17**
Cash on hand	6.19	2.98
Balances with banks in:		
- Current accounts	140.69	39.44
Total Cash and cash equivalents (refer note 12)	**146.88**	**42.42**

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

Summary of significant accounting policies	2.1	

The accompanying notes are an integral part of financial statements.

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

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

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

Place: Nagpur
Date: 25 May 2018

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

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director & CFO
DIN: 01786763

Place: Nagpur
Date: 25 May 2018

Piyush Nikhade
Company Secretary

Significant accounting policies and other explanatory information to the standalone financial statements

for the year ended 31 March 2018

1 Background

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

The Company, in previous year, had received notice from BSE Limited (BSE) whereby Company had been provided an option to either complete the procedures for listing of its equity shares on nationwide stock exchange or provide exit to public shareholders by acquiring their equity shares at rates determined by valuer. Pursuant to receipt of such notice, the Company had completed the procedures required for securing the listing of its equity share on BSE. Accordingly, the Company plans to gets is equity share listed within the timelines suggested by BSE..

2. Basis for preparation of financial Statements

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

The financial statements up to and for the year ended March 31, 2017 were prepared in accordance with Accounting Standards as prescribed under Section 133 of the Act read with the Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Act (Indian GAAP/Previous GAAP).

These are the first Ind AS financial statements of the Group prepared in accordance with Ind AS. Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. Refer note 50 for an explanation of how the transition from Indian GAAP to Ind AS has affected the Group's financial position and financial performance.

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

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

These financial statements have been prepared on a historical cost and accrual basis, except for certain financial assets and liabilities and defined benefit plans - plan assets, that are measured at fair value and assets held for sale measured at lower of carrying amount and fair value less cost to sell.

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

b Basis of consolidation

The Company consolidates all entities which are controlled by it. The consolidated financial statements comprise the financial statements of the Company and its subsidiary as disclosed under note 42. Control exists when the Company has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiary is included in these consolidated financial statements from the date that control commences until the date that control ceases. For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiary have been changed where necessary to align them with the policies adopted by the Company.

Transactions eliminated on consolidation:

The financial statements of the Group Companies are consolidated on a line-by-line basis and all intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements.

Functional and Presentation Currency:

These consolidated financial statements are presented in Indian rupees, which is the functional currency of the parent company. All financial information is presented in Indian rupees.

2.1 Significant Accounting Policies

a. Use of estimates

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Group and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Group believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised. The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

b. Property, plant and equipment (including Capital Work-in-Progress)

Tangible assets held for use in the production or supply of goods or services, or for administrative purposes are classified as Property, plant and equipment and are stated at cost of acquisition inclusive of all attributable cost of bringing the assets to their working condition, net of accumulated depreciation / amortisation and accumulated impairment losses, if any.

Any trade discounts, rebates and refundable duty / tax credits are deducted in arriving at the purchase price. Borrowing costs relating to acquisition of property, plant and equipment, which takes substantial period of time to get ready for their intended use are also included in the cost of the qualifying assets to the extent these relate to the period up to the date such assets are ready to be put to use.

Assets not yet ready for use are recognised as Capital work-in-progress.

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 tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of property, plant and equipment that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

Losses arising from the retirement of, and gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

c Depreciation methods and estimated useful lives

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

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

d Intangible assets

Intangible assets are stated at acquisition/ development cost, net of cenvat credit on initial recognition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

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

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

e Research and development costs

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

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

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

f Leases

Where the Group is a lessee

Leases in which a significant portion of the risks and rewards incidental to ownership are retained by the lessor, are classified as operating leases. Other leases are classified by the lessee as finance lease, and are capitalised at the fair value on inception date or present value of leased payments (which ever is lower). Such classification is carried out at inception of the lease.

g Borrowings and other financial liabilities

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

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

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

h Borrowing costs

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

i Impairment of non-financial assets

Assessment is carried out at each Balance Sheet date as to whether there is any indication that an asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication of impairment exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to their recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed if there was no impairment.

j Government grants

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

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

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

k Investments and financial assets

Classification

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

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

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

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit and loss.

Measurement of debt instruments

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

- *Amortised cost:* Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in statement of profit and loss, when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- *Fair value through other comprehensive income (FVOCI):* Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss. Interest income from these financial assets is included in other income using the effective interest rate method.

- *Fair value through profit or loss:* Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in statement of profit and loss and presented net in the statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

Measurement of equity instruments

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

Impairment of financial assets

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

De-recognition of financial assets

A financial asset is derecognised only when

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

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

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

Interest income from financial assets

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

l Derivatives and embedded derivatives

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

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

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

m Cash and Cash Equivalents

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

n Inventories

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

o Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/ translation of monetary assets and liabilities are recognised in the Statement of Profit and Loss, unless they are considered as an adjustment to borrowing costs, in which case they are classified along with the borrowing cost. Non-monetary foreign currency items are carried at cost.

The results and financial position of the foreign operations with a functional currency different from the group's presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates, on consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income and all resulting exchange differences are recognised in other comprehensive income.

p Revenue Recognition

Revenue is measured at the value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, discounts, loyalty discount, value added taxes and amounts collected on behalf of third parties. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below

Sale of goods -

Sales are recognised when substantial risk and rewards of ownership are transferred to customer, in case of export customers, sales takes place when goods are shipped onboard based on bill of lading.

Other operating revenue - Export incentives
Export Incentives under various schemes are accounted in the year of export.

q Other Income

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

r Employee Benefits

Defined Contribution Plan

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

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

Defined Benefit Plan - Gratuity

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

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

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

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

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

Compensated Absences

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

Termination Benefits

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

Short-term benefits

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

s Current and Deferred Tax

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

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

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

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

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

Minimum Alternate Tax (MAT) credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

t Provisions and Contingent Liabilities

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

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

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

u Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss (excluding other comprehensive income) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a right issue, share split and reverse share splits (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss (excluding other comprehensive income) for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

v Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Group is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is not expected to be significant.

Ind AS 115:

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Group from 1 April 2018.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The Group is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is not expected to be significant.

w Critical estimates and judgements

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

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

The areas involving critical estimates or judgement are:

- *Useful life and residual value of property, plant and equipment (PPE) and intangible assets*

  Useful lives of PPE and intangible assets are based on the life prescribed in Schedule II to the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support. Assumptions also need to be made, when it is assessed, whether an asset may be capitalized and which components of the cost of the asset may be capitalized.

- *Revenue Recognition*

  Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably.

- *Recognition and measurement of defined benefit obligations*

  The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions.

As actuarial valuation involves making various assumptions that may be different from the actual development in the future, key actuarial assumptions include discount rate, trends in salary escalation, attrition and mortality rate. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

- *Valuation of taxes on income*

  Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions. Uncertain tax position is with regards to items of expense or transaction that may be challenged by tax authorities. The Group reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under note 2.1 (s)

- *Provisions*

  Provision is recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement obligations and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation as at the Balance Sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.

- *Share-based payments*

  The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share-based payment transaction is presented as a separate component in equity under "Employee stock options". The amount recognized as an expense is adjusted to reflect the impact of the revision of original estimates based on number of options that are expected to vest, in the statement of profit and loss with a corresponding adjustment to equity.

- *Impairment of financial assets*

  The Group has, in an earlier period recognised an impairment provision for losses expected on certain trade receivables. Against the same, the Group has received another financial asset (Company's own equity shares) as compensating security for the losses finally incurred against the specified trade receivables. Refer note 11.

Financial Statements

3 Property, plant and equipment

(₹ lacs)

Gross carryinig value	"Freehold Land"	Leasehold Land	Buildings	Plant and equipment	Electrical Installation	Furniture and fixtures	Office equipment	Vehicles	Total
Balance as at 1 April 2016	89.39	590.27	3,571.48	3,949.24	145.67	565.04	79.21	74.65	9,064.95
Additions	-	13.04	32.65	373.57	20.83	13.68	35.06	64.42	553.25
Deletions	-	-	-	4.07	-	6.45	0.18	3.03	13.73
Balance as at 31 March 2017	**89.39**	**603.31**	**3,604.13**	**4,318.74**	**166.50**	**572.27**	**114.09**	**136.04**	**9,604.47**
Additions	-	37.80	307.87	946.53	-	137.14	66.11	-	1,495.45
Deletions	27.63	-	-	19.30	-	1.06	1.52	-	49.51
Balance as at 31 March 2018	**61.76**	**641.11**	**3,912.00**	**5,245.97**	**166.50**	**708.35**	**178.68**	**136.04**	**11,050.41**
Accumulated Depreciation/ Amortisation									
Balance as at 1 April 2016	-	-	-	-	-	-	-	-	-
Charge for the year	-	8.72	145.62	542.15	22.38	76.77	36.19	23.43	855.26
Deletions	-	-	-	-	-	-	-	0.67	0.67
Balance as at 31 March 2017	-	**8.72**	**145.62**	**542.15**	**22.38**	**76.77**	**36.19**	**22.76**	**854.59**
Charge for the year	-	9.27	147.00	587.95	23.25	81.55	39.39	20.68	909.09
Deletions	-	-	-	5.08	-	0.60	1.03	-	6.71
Balance as at 31 March 2018	-	**17.99**	**292.62**	**1,125.02**	**45.63**	**157.72**	**74.55**	**43.44**	**1,756.97**
Net block									
Balance as at 1 April 2016	89.39	590.27	3,571.48	3,949.24	145.67	565.04	79.21	74.65	9,064.95
Balance as at 31 March 2017	89.39	594.59	3,458.51	3,776.59	144.12	495.50	77.90	113.28	8,749.88
Balance as at 31 March 2018	**61.76**	**623.12**	**3,619.38**	**4,120.95**	**120.87**	**550.63**	**104.13**	**92.60**	**9,293.44**

(i) Building includes those constructed on leasehold land:

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Gross carrying value	2668.19	2,625.46	
Depreciation charged during the year	107.77	110.45	
Accumulated depreciation	218.22	110.45	
Net Book Value	**2449.97**	**2,515.01**	**2,625.46**

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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Gross carrying value	140.38	140.38	
Depreciation charged during the year	2.01	2.02	
Accumulated depreciation	4.03	2.02	
Net Book Value	**136.35**	**138.36**	**140.38**

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

(iii) Building includes those constructed on leasehold land referred in ii above

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Gross carrying value	203.14	203.14	
Depreciation charged during the year	7.31	7.31	
Accumulated depreciation	14.62	7.31	
Net Book Value	**188.52**	**195.83**	**203.14**

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

(iv) Vehicles includes vehicles in the personal name of directors & employees having Gross carrying value ₹ 66.70 lacs (31 March 2017 - Gross carrying value ₹ 66.70 lacs, 1 April 2016 - Gross carrying value Rs. 46.23 lacs)

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

(vi) Refer note 20 and 50 A (i) For information on property, plant and equipment pledged as security by the Company

4 Capital work-in-progress

As at 1 April 2016	293.25
As at 31 March 2017	270.75
As at 31 March 2018	**477.33**

Note: Capital work in progress as at 31 March 2018 includes cost incurred towards construction/development of Building and Plant and equipment of the Company.

5(A) Intangible assets

Gross carryinig value	Softwares	Product marketing authorisation	Total
Balance as at 1 April 2016	154.31	-	**154.31**
Additions	0.56	17.66	**18.22**
Deletions	-	-	**-**
Balance as at 31 March 2017	**154.87**	**17.66**	**172.53**
Additions	2.60	64.05	**66.65**
Deletions	-	-	**-**
Balance as at 31 March 2018	**157.47**	**81.71**	**239.18**
Accumulated Amortisation			
Balance as at 1 April 2016	-	-	**-**
Charge for the year	46.57	0.42	**46.99**
Deletions	-	-	**-**
Balance as at 31 March 2017	**46.57**	**0.42**	**46.99**
Charge for the year	46.74	23.12	**69.86**
Deletions	-	-	**-**
Balance as at 31 March 2018	**93.31**	**23.54**	**116.85**
Net block			
Balance as at 1 April 2016	154.31	-	**154.31**
Balance as at 31 March 2017	108.30	17.24	**125.54**
Balance as at 31 March 2018	**64.16**	**58.17**	**122.33**

5(B) Intangible assets under development

As at 1 April 2016	-
As at 31 March 2017	111.69
As at 31 March 2018	**351.95**

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

6 Non-Current Investments

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Investment in equity instruments :			
Investment in Others:			
Unquoted equity investment carried at fair value through profit or loss			
20,000 equity shares of ₹ 25 each fully paid-up in Shamrao Vithal co-operative Bank Limited	5.00	5.00	5.00
Investments in Government Securities			
Unquoted at amortised cost			
National Saving Certificate	0.15	0.15	0.10
	5.15	**5.15**	**5.10**

7 Other financial assets

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Non-current			
Earnest money and security deposit	69.70	24.62	11.00
Bank deposit with maturity more than 12 months	92.32	15.59	45.64
Bank deposit includes fixed deposits with banks ₹ 92.32 lacs (₹ 15.59 lacs and ₹ 45.64 lacs as at 31 March 2017 and 1 April 2016 respectively) marked as lien for guarantees issued by banks on behalf of the Company			
	162.02	**40.21**	**56.64**

8 Current tax assets

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Non-current			
Advance income-tax (net of provision for taxation ₹ Nil) (31 March 2017: Nil, 1 April 2016: Nil)	112.89	-	-
	112.89	**-**	**-**

9 Other non-current assets

(Unsecured, considered good)

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Capital advances	1,342.41	156.55	8.79
Prepaid expenses	20.49	0.39	2.61
Balances with government authorities	78.01	54.09	101.72
Balance with others	71.64	71.25	71.05
	1,512.55	**282.28**	**184.17**

10 Inventories

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Raw materials			
Goods-in-transit	-	-	184.21
Others	3,469.99	2,145.04	2,081.98
Work-in-progress	654.27	596.01	550.58
Finished goods			
Goods-in-transit	102.00	36.51	56.06
Others	649.54	683.19	850.43
Stores and spares	280.28	85.77	48.63
	5,156.08	**3,546.52**	**3,771.89**

11 Trade receivables

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Considered good*	8,922.34	8,818.22	8,809.93
Considered doubtful	698.48	3,688.28	3,688.28
Less: Provision for doubtful debts	(698.48)	(3,688.28)	(3,688.28)
	8,922.34	**8,818.22**	**8,809.93**

***Nature of Security**

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

12 Cash and cash equivalents

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Cash on hand	6.19	2.98	8.13
Balances with banks in current accounts	140.69	39.44	66.30
	146.88	**42.42**	**74.43**

13 Bank balances other than cash and cash equivalents

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Unclaimed dividend accounts	34.75	28.42	20.95
Deposit Balances with bank held as margin money	171.10	490.42	544.02
Deposit includes fixed deposits with banks ₹ 171.10 lacs (₹ 490.42 lacs and ₹ 544.02 lacs as at 31 March 2017 and 1 April 2016 respectively) marked as lien for guarantees issued by banks on behalf of the Company			
	205.85	**518.84**	**564.97**

14 Loans

(Unsecured, considered good)

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Loans to employees	9.31	8.21	6.44
	9.31	**8.21**	**6.44**

15 Other financial assets

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Current			
(Unsecured, considered good)			
Earnest money and security deposit	101.29	111.89	123.46
Leave Benefits	-	23.22	-
Interest Receivable:			
from Banks	-	5.82	3.21
Others	6.75	8.21	0.62
	108.04	**149.14**	**127.29**

16 Other current assets

(Unsecured, considered good unless otherwise specified)

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Advances other than capital advances			
Advance to suppliers - considered good	605.28	466.54	57.58
Advance to suppliers - considered doubtful	188.40	413.71	413.71
Less: Provision for doubtful advances	(188.40)	(413.71)	(413.71)
	605.28	**466.54**	**57.58**
Loans and Advances to Related Parties			
Advance against expenses to Managing Director	6.01	11.86	14.28
Advances recoverable in kind for value to be received	107.25	281.99	-
Balances with government authorities	2,051.28	1,447.20	1,826.11
Prepaid expenses	105.59	86.54	62.42
	2,875.41	**2,294.13**	**1,960.39**

17 Asset held for sale

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Leasehold Land	-	-	55.11
	-	-	55.11

18 Equity share capital

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Authorised:			
1,10,00,000 (31 March 2017: 1,10,00,000 ,1 April 2016: 1,10,00,000) equity shares of ₹ 10 each	1,100.00	1,100.00	1,100.00
Issued:			
80,59,753 (31 March 2017: 80,29,145 ,1 April 2016: 79,98,520) equity shares of ₹ 10 each fully paid up	805.97	802.91	799.85
Subscribed and Paid-Up:			
80,59,753 (31 March 2017: 80,29,145 ,1 April 2016: 79,98,520) equity shares of ₹ 10 each fully paid up	805.97	802.91	799.85
	805.97	**802.91**	**799.85**

(a) Reconciliation of Share Capital:

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	No. of Shares	₹ lacs	No. of Shares	₹ lacs	No. of Shares	₹ lacs
Balance as at the beginning of the year	80,29,145	802.91	79,98,520	799.85	79,98,520	799.85
Add: Shares issued during the year	30,608	3.06	30,625	3.06	-	-
Balance as at the end of the year	**80,59,753**	**805.97**	**80,29,145**	**802.91**	**79,98,520**	**799.85**

(b) Rights, preferences and restrictions

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Equity Shares:				
AA Development Capital India Fund 1, LLC	17,82,652	22.12%	17,82,652	22.20%
Anwar Daud*	22,22,720	27.58%	22,22,720	27.68%
Zakir Vali	14,24,570	17.68%	14,24,570	17.74%

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

(d) Shares reserved for issue under options

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

19 Other equity

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Reserves and surplus			
Securities premium *	4,833.29	4,797.24	4,761.16
General reserve	106.20	106.20	106.20
Employee stock options **	59.04	71.22	62.50
"Foreign currency monetary items translation *** (Item of Other Comprehensive Income)"	(1.61)	0.14	(0.11)
Retained earnings ****	7,857.40	6,055.42	4,314.39
	12,854.32	11,030.22	9,244.14
Total	**12,854.32**	**11,030.22**	**9,244.14**

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs
*** Securities premium**		
Balance as at the beginning of the year	**4,797.24**	**4,761.16**
Add : Additions made during the year	36.05	36.08
Balance as at the end of the year	**4,833.29**	**4,797.24**

Nature and Purpose - Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs
** Employee stock options		
Balance as at the beginning of the year	**71.22**	**62.50**
Additions during the year	23.87	44.80
Less: Transfer to securities premium on exercise of stock options	36.05	36.08
Balance at the end of the year	**59.04**	**71.22**

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs
*** Foreign currency monetary items translation		
Balance as at the beginning of the year	**0.14**	**(0.11)**
Movement during the year	(1.75)	0.25
Balance as at the end of the year	**(1.61)**	**0.14**

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs
**** Retained earnings		
Balance as at the beginning of the year	**6,055.42**	**4,314.39**
Net profit for the year	1,910.99	1,858.60
Dividend	(80.29)	(79.99)
Dividend distribution tax	(16.35)	(16.28)
Transfer from other comprehensive income	(12.37)	(21.30)
Balance as at the end of the year	**7,857.40**	**6,055.42**

20 Non-current Borrowings

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Secured			
Term loan from banks			
- Indian rupee loan	374.62	478.74	565.53
- Foreign currency loan from banks/ External commercial borrowings (ECB)	2,336.40	2,812.19	3,244.55
- Vehicle Loans	9.91	18.14	10.00
	2,720.93	3,309.07	3,820.08
Unsecured			
Loan from Department of Scientific and Industrial Research (DSIR), Government of India	27.17	39.60	52.80
Deferred Sales tax loan	28.66	37.32	42.58
Others	381.61	-	-
	3,158.37	3,385.99	3,915.46
less: Current maturities of long term debt (Refer note 24)	(1,130.01)	(633.91)	(491.83)
	2,028.36	**2,752.08**	**3,423.63**

Nature of security and terms of repayment for secured borrowings

(i) Indian rupee loan from consortium member are secured by way of first charge on all present and future fixed assets including Land & Building, Plant & Machinery and second charge on all current assets on pari passu basis with lead banker & other members under consortium arrangement. The loans are also secured by personal guarantee of managing director. The borrowings made from a member bank of ₹ 374.62 lacs (31 March 2017: ₹ 478.74 lacs 1 April 2016: ₹ 565.53 lacs) are repayable in 84 equated monthly installments, commenced from April 2014, of ₹ 13.31 lacs each. The applicable interest rate on this loan is PLR less 4.5% p.a. (effective interest rate of 13.00% (31 March 2017: 13% 1 April 2016: 14.5%)).

(ii) -Foreign currency loan (ECB-I) of ₹ 842.11 Lacs (31 March 2017: ₹ 1,233 lacs 1 April 2016: ₹ 1,562 Lacs) from bank carries interest rate of 3 Month LIBOR plus 5% p.a. effective rate of 7.29% (31 March 2017: 6.15% 1 April 2016: 5.62%) which is repayable from May 2013 to May 2019 in half yearly installments ranging from ₹ 41.89 lacs to ₹ 295.90 lacs. Foreign currency loan (ECB-II) of ₹ 1516.06 lacs (31 March 2017: 1615.81 lacs 1 April 2016: ₹ 1734 lacs) carries interest rate of 6 Month LIBOR plus 4.70% p.a. effective rate of 7.68% (31 March 2017: 6.07% 1 April 2016: 5.59%) is repayable from November 2014 to November 2020 in half yearly instalments ranging from ₹ 16.69 lacs to ₹ 446.67 lacs. The Company has entered into Interest rate swap for securing fixed interest liability payable in USD against ECB-II. The effective interest rate under interest rate swap is 7.80% per annum.

-The loans are secured by 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.

(iii) -Vehicle Loan (Loan-I) having interest rate of 9.65% is repayable from April 2016 to March 2019 in 36 equal monthly instalments of ₹ 0.32 lacs each. Vehicle loan (Loan-II) having interest rate of 9.50% is repayable from June 2016 to May 2019 in 36 equal instalments of ₹ 0.48 lacs each.

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

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

(vi) Others include unsecured loan availed from Non-banking financial corporation during the year. This loan bearing interest rate of 16.50% is repayable in 24 equal monthly instalments of ₹ 24.35 Lacs each.

Assets Pledged as security

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

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Non Current Assets			
First Charge			
- Property, plant and equipment	10,914.37	9,468.43	8,990.30
- Asset held for sale	-	-	55.11
Current Assets (Second Charge)	14,225.30	12,407.16	12,656.25
Total assets Pledged as security	**25,139.67**	**21,875.59**	**21,701.66**

21 Deferred tax assets / liability (net)

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Deferred tax liabilities			
Fixed assets: Difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	1,188.72	1,020.55	950.90
Advance payment of employee benefits	-	0.80	-
	1,188.72	1,021.35	950.90
Deferred tax assets#			
Expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	53.51	87.21	84.51
Provision for doubtful debts, advances and deposits (#)	309.91	1,419.61	856.79
Carry forward business losses/unabsorbed depreciation	595.73	-	-
Provision for employee benefits	13.39	-	9.60
	972.54	1,506.82	950.90
Minimum alternative tax credit entitlement	583.68	458.07	443.66
Net Deferred Tax Asset/(Liability)	**367.50**	**943.54**	**443.66**

 # Restricted based on reasonable certainty as at 1 April 2016

22 Borrowings

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Current - Secured			
From Banks, repayable on demand			
- Cash credit / packing credit	4,774.07	4,292.71	5,153.97
- Buyer's Credit	-	219.13	214.50
From other body corporate	87.95	158.07	261.52
Current - Unsecured			
From other body corporate	94.21	-	-
	4,956.23	**4,669.91**	**5,629.99**

(a) Cash credit from banks are secured by the first charge on all current assets both present and future and second charge on all the fixed assets of the Company both present and future on pari pasu basis with other consortium members. The interest rate on cash credit facility from lead banker & other banks is MCLR plus 3.00% p.a., Base rate plus 3.50% p.a. and PLR minus 4.5% p.a. respectively. The loans are secured by personal guarantee of Managing Director.

(b) Packing credit in foreign currency and post shipment credit ₹ 463.81 lacs (31 March 2017: 500.79 lacs, 1 April 2016 : ₹ 673.68 lacs) in foreign currency from bank are secured by the first charge on all current assets both present and future and second charge on all the fixed assets of the Company both present and future on pari pasu basis with other consortium members. The interest rate on packing credit and post shipment credit facility from bank is LIBOR plus 2.5% p.a. respectively Loans are also secured by personal guarantee of managing director.

(c) Short term loan from body corporate amounting to ₹ 87.95 lacs is secured by bank guarantee having initial repayment period of 90 Days against each purchase at rate of interest of 11.00% p.a.

(d) Purchase Invoice Bill discounting facility ₹ 94.21 lacs. The interest rate applicable is 14% and the same is secured by the personal guarantee of Managing Director.

23 Trade payables

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Dues to Micro and Small Enterprises (Refer note below)	-	-	-
Dues to others	6,626.41	4,504.90	4,696.51
	6,626.41	**4,504.90**	**4,696.51**

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year			
- Principal amount due to micro and small enterprises	-	-	-
- Interest due on above	-	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-	-
c. 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.	-	-	-

Note: This information has been given in respect of such vendors to the extent they could be identified as Micro and Small enterprises on the basis of information available with the Company.

24 Other financial liabilities

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Current			
Current maturities of long-term debt	1,130.01	633.91	491.83
Interest accrued but not due on borrowings	61.95	66.21	71.17
Unpaid dividends #	34.75	28.42	20.95
Employee benefits payable	291.02	266.91	225.41
Capital creditors	350.56	54.09	150.04
Overdrawn bank balance as per books	218.56	5.50	127.57
	2,086.85	**1,055.04**	**1,086.97**

#There are no amounts due to be transferred to the Investor Education and Protection Fund as at the year end.

25 Other current liabilities

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Advances from customers	261.59	617.01	374.63
Statutory dues	119.20	142.47	159.85
Deferred government incentive	46.73	15.16	-
Others	0.89	2.98	5.98
	428.41	**777.62**	**540.46**

26 Current tax liabilities (net)

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Provision for tax (net of advance tax ₹ Nil) (31 March 2017 ₹ 125.39 lacs, 1 April 2016 ₹ 120.85 lacs)	-	292.95	123.24
	-	**292.95**	**123.24**

27 Provisions

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Provision for employee benefits			
Provision for gratuity (Refer note 47)	41.29	20.89	21.76
Provision for compensated absences	1.23	-	5.98
	42.52	**20.89**	**27.74**

28 Revenue from operations

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Sale of products (including excise duty)		
Manufactured goods	24,867.44	20,886.85
Stock in trade	1,865.32	2,660.41
Excise duty on sales was included under Revenue from operations and disclosed separately under Expenses upto 30 June 2017. Post implementation of Goods and Service tax (GST) with effect from 01 July 2017, revenue from operations is reported net of GST and hence to that extent results are not comparable.		
Other Operating Revenue		
Export incentives	585.33	519.99
Scrap Sales	10.29	16.51
Others	98.14	12.15
	27,426.52	**24,095.91**

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29 Other income

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Interest income on		
Fixed deposits	23.18	45.70
Others	16.72	6.47
Dividend income on investments	0.60	0.60
Exchange rate difference (net)	199.23	98.15
Apportioned income from government grant	6.29	1.68
Other non-operating income	96.22	332.89
	342.24	**485.49**

30 Cost of materials consumed

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Opening inventory	2,145.04	2,266.19
Add: Purchases	13,725.37	9,219.21
Less: Closing inventory	3,469.99	2,145.04
	12,400.42	**9,340.36**

31 Purchases of stock in trade

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Details of purchases of traded goods		
Tablets	817.78	993.96
Capsules	189.03	307.97
Bulk Drugs	771.83	1,213.18
	1,778.64	**2,515.11**

32 Changes in inventories of finished goods and work-in-progress

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
At the end of the year		
Work-in-progress	654.27	596.01
Finished goods	751.54	719.70
	1,405.81	**1,315.71**
At the beginning of the year		
Work-in-progress	596.01	550.58
Finished goods	719.70	906.49
	1,315.71	**1,457.07**
	(90.10)	**141.36**

33 Employee benefits expense

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Salaries, wages and bonus	3,764.15	3,027.61
Contribution to provident and other funds (Refer note 47 (a) and (b))	133.43	106.04
Gratuity expense (refer note 47)	37.28	22.67
Share based payments to employees	23.87	44.80
Staff welfare expenses	121.62	98.74
	4,080.35	**3,299.86**

34 Finance costs

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Interest on borrowings:		
- From banks	819.24	920.27
- From others	17.65	35.66
Exchange differences regarded as an adjustment to borrowing costs	13.65	(65.24)
Interest on delayed payment of income tax	6.94	39.98
Other borrowing costs	76.91	51.22
	934.39	**981.89**

35 Depreciation and amortization expense

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Depreciation on property, plant and equipment	909.09	855.26
Amortisation of intangible assets	69.86	46.99
	978.95	**902.25**

36 Other expenses

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Consumption of stores and spares	28.15	34.43
Power and fuel	563.04	521.90
Water charges	11.95	12.63
Insurance	12.89	11.83
Repairs and maintenance		
Machines	252.67	232.42
Buildings	48.62	52.39
Others	138.45	76.01
Printing & stationery	59.50	38.12
Communication costs	43.46	34.37
Legal and professional fees	495.07	561.56
Payment to auditors (Refer note below (a))	52.81	33.89
Advertisement & sales promotion	127.54	102.52
Travelling and conveyance	351.50	264.71
Commission on sales	2,115.50	1,721.14
Freight and forwarding charges	579.13	429.54
Bad debts/ advances written off (net of provision for bad and doubtful balances ₹ 2,628.81 lacs (31 March 2017 : Nil)	-	130.28
Rates and taxes	55.78	74.23
Fixed Assets Written off	0.96	10.69
Loss on sale of fixed assets (net)	11.20	22.02
Rent	13.91	11.47
Laboratories Expenses	313.76	380.56
Corporate social responsibility expenses (Refer note 52)	10.00	5.00
Miscellaneous expenses	346.41	294.40
	5,632.30	**5,056.11**

Note

(a) Auditors' Remuneration (excluding taxes)

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Audit Fees	32.00	32.00
Other Services	19.70	1.40
Out of Pocket Expenses	1.11	0.49
	52.81	**33.89**

37(A) Exceptional items

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Provision for doubtful debts written back	360.99	-
Provision for doubtful advances written back	225.31	-
	586.30	**-**

37(B) Tax (expense) / credit

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Current tax for the year	-	(419.03)
Tax adjustments pertaining to earlier years	125.62	53.58
Deferred tax expenses		
Increase / (Decrease) in deferred tax assets	(534.28)	555.92
(Increase) / Decrease in deferred tax liabilities	(167.37)	(70.45)
	(701.65)	**485.47**
	(576.03)	**120.02**
Tax reconciliation		
Profit before tax	**2,493.57**	**1,749.86**
Tax at the rate of 34.608%	(862.97)	(605.59)
Tax adjustment pertaining to earlier years	125.62	53.58
Tax effect of amounts which are not deductible / taxable		
Income/(expenses) exempted from income taxes	28.45	(2.80)
Permanent Disallowances	(6.63)	(16.44)
Additional deduction under Income tax act, 1961	144.72	203.73
Allowances under income tax and others	-	485.47
Disallowance of Donation/Corporate social responsibility expenses	(7.25)	(4.95)
Other tax deductions	2.03	7.02
	(576.03)	**120.02**

38 Fair value measurements

Financial instruments by category:

All financial assets and financial liabilities, except derivative instruments and investment in equity shares of the Company are under the amortised cost measurement category at each of the reporting date.

Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received on selling of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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

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

Investment in equity shares are measured at fair value through profit and loss at each reporting date. Since the valuation involves use of observable input, valuation is considered as Level 2.

Financial assets and financial liabilities measured at amortised cost, but for which fair values are disclosed as below:

₹ lacs

Fair value for assets and liabilities measured at amortised cost	31 March 2018				31 March 2017				1 April 2016			
	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3	Carrying amount
Financial liabilities												
Borrowings (other than current borrowings)	-	3,158.37	-	3,158.37	-	3,385.99	-	3,385.99	-	3,915.46	-	3,915.46

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

The carrying amounts of security deposits, current loans, other financial assets, fixed deposits with banks, current borrowings, trade payables and other current financial liabilities are considered to be approximately equal to their fair value.

The fair values computed above for assets measured at amortised cost are based on discounted cash flows using a current market interest rate. They are classified as level 2 fair values in the fair value hierarchy due to the use of observable inputs.

Valuation processes

The Company evaluates the fair value of financial assets and financial liabilities on periodic basis using the best and most relevant data available. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

39 Financial risk management

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board.

The Company is exposed to market risk, credit risk and liquidity risk.

A Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including deposits , foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommend risk management objectives and policies, which are approved by Chief financial officer. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures like foreign exchange forward contracts, borrowing strategies and ensuring compliance with market risk limits and policies.

Market risk - interest rate risk

"Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

According to the Company, interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Exposure to interest rate risk

₹ lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Total Borrowings	8,114.60	8,055.90	9,545.45
% of Borrowings out of above bearing variable rate of interest	88%	91%	90%

Interest rate sensitivity

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

₹ lacs

	Year ended 31 March 2018	Year ended 31 March 2017
50 bp increase would decrease the profit before tax by	(35.55)	(36.62)
50 bp decrease would Increase the profit before tax by	35.55	36.62

Market risk - Foreign currency risk management

The Company operates internationally wherein portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies and borrowings dominated in foreign currency. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

Derivative instruments and unhedged foreign currency exposure

(a) Derivative instrument outstanding as at the reporting date

Foreign currency In lacs

Particulars	As at 31 March 2018		As at 31 March 2017		Purpose
Forward contracts to sell USD	USD	-	USD	0.24	Hedge against highly probable foreign currency sales.
Forward contracts to buy USD	USD	-	USD	3.49	Hedge against highly probable foreign currency purchases and borrowings.
Interest rate swaps	USD	23.27	USD	24.92	Hedge against exposure to variable interest on loan. Swap to pay fixed interest @ 7.8% p.a. and receive a variable interest @LIBOR on the outstanding amount.

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

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(b) Particulars of unhedged foreign currency exposures as at the reporting date
As at 31 March 2018

Amount in lacs

Particulars	USD		EURO		CAD		AED	
	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade Receivable	55.08	3,588.30	0.31	25.22	-	-	-	-
Trade payables	4.52	294.22	0.20	15.87	-	-	0.05	0.89
Advance received from customers	2.81	186.51	0.19	14.69	0.08	3.92	1.17	20.70
Balance in EEFC Account	(0.26)	(16.75)	-	-	-	-	0.03	0.48
Borrowings	37.04	2,413.11	-	-	-	-	-	-
PCFC and PFCFC	7.12	463.82	-	-	-	-	-	-
Buyer's Credit	-	-	-	-	-	-	-	-
Export Commission	28.41	1,850.59	0.46	36.61	-	-	-	-

As at 31 March 2017

Amount in lacs

Particulars	USD		EURO		CAD		AED	
	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade Receivable	49.28	3,195.89	0.19	12.99	-	-	-	-
Trade payables	0.13	8.43	0.11	7.45	-	-	0.02	0.35
Advance received from customers	4.00	262.43	0.26	18.22	-	-	0.92	16.18
Balance in EEFC Account	-	-	-	-	-	-	0.17	2.93
Borrowings	43.35	2,811.07	-	-	-	-	-	-
PCFC and PFCFC	7.72	500.79	-	-	-	-	-	-
Buyer's Credit	3.42	221.47	-	-	-	-	-	-
Export Commission	20.31	1,317.38	0.21	14.89	-	-	-	-

As at 1 April 2016

Amount in lacs

Particulars	USD		EURO		CAD		AED	
	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade Receivable	37.14	2,460.88	0.27	20.58	-	-	-	-
Trade payables	4.87	322.48	-	-	-	-	-	-
Advance received from customers	1.12	72.53	0.61	46.13	-	-	0.54	9.76
Balance in EEFC Account	0.69	45.89	-	-	-	-	0.20	3.53
Borrowings	53.03	3,513.36	-	-	-	-	-	-
PCFC and PFCFC	6.52	432.28	-	-	-	-	-	-
Buyer's Credit	3.29	217.99	-	-	-	-	-	-
Export Commission	13.20	874.37	0.21	15.72	-	-	-	-

Sensitivity to foreign currency risk

₹ in lacs

Particulars	Impact on statement of profit and loss for the year ended	
	31 March 2018	31 March 2017
USD sensitivity		
INR / USD		
Increase by 5%	(80.16)	(96.28)
Decrease by 5%	80.16	96.28
Euro sensitivity		
INR / Euro		
Increase by 5%	(2.10)	(1.38)
Decrease by 5%	2.10	1.38
AED sensitivity		
INR / AED		
Increase by 5%	(1.10)	(0.97)
Decrease by 5%	1.10	0.97

B Credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

i) Actual or expected significant adverse changes in business,
ii) Actual or expected significant changes in the operating results of the counterparty,
iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
iv) Significant increase in credit risk on other financial instruments of the same counterparty,
v) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements .

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the statement of profit and loss.

Credit risk management

To manage credit risk, the Company periodically assesses the financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. There is no significant concentration of credit risk.

Bank balances are held with only high rated banks and majority of security deposits are placed majorly with government agencies. Trade receivables are generally recovered within the credit period. The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

Ageing of Account receivables

₹ in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Not due	3,987.10	4,674.16	3,453.29
0-6 months	2,133.84	1,727.38	2,722.14
6-12 months	1,571.43	378.69	2,368.99
12 months to 24 months	314.24	2,799.82	3,438.27
beyond 24 months	1,614.21	2,926.45	515.52
Total	**9,620.82**	**12,506.50**	**12,498.21**

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

Movement in provisions of doubtful debts

₹ in lacs

	As at 31 March 2018	As at 31 March 2017
Opening provision	3,688.28	3,688.28
Add:- Additional provision made	-	-
Less:- Provision utilised/ adjusted against bad debts	(2,628.81)	-
Less:- Provision reversed against recoveries	(360.99)	-
Closing provisions	**698.48**	**3,688.28**

C Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities – borrowings, trade payables and other financial liabilities.

Liquidity risk management

The Company's corporate treasury department is responsible for liquidity and funding as well as settlement management. The processes and policies related to such risks are overseen by Chief financial officer. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Maturities of non – derivative financial liabilities

As at 31 March 2018

Particulars	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
Non-current borrowings (including current maturities)	1,130.01	2,028.36	-	**3,158.37**
Current financial liabilities - Borrowings	4,956.23	-	-	**4,956.23**
Trade payables	6,626.41	-	-	**6,626.41**
Other current financial liabilities	922.09	-	-	**922.09**
Total	**13,634.74**	**2,028.36**	**-**	**15,663.10**

As at 31 March 2017

Particulars	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
Non-current borrowings from banks (including current maturities)	633.91	2,752.08	-	**3,385.99**
Current financial liabilities - Borrowings	4,669.91	-	-	**4,669.91**
Trade payables	4,504.90	-	-	**4,504.90**
Other current financial liabilities	392.71	-	-	**392.71**
Total	**10,201.43**	**2,752.08**	**-**	**12,953.51**

As at 1 April 2016

Particulars	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
Non-current borrowings from banks (including current maturities)	491.83	3,423.63	-	**3,915.46**
Current financial liabilities - Borrowings	5,629.99	-	-	**5,629.99**
Trade payables	4,696.51	-	-	**4,696.51**
Other current financial liabilities	574.19	-	-	**574.19**
Total	**11,392.52**	**3,423.63**	**-**	**14,816.15**

40 Capital management

40.1 Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

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

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
The capital composition is as follows:			
Net debt#	8,029.67	8,079.69	9,542.19
Total equity	13,660.29	11,833.13	10,043.99
Net debt to equity ratio	**59%**	**68%**	**95%**

 # includes non-current borrowings, current borrowings, current maturities of non-current borrowings and interest accrued but not due on borrowings (net of cash and cash equivalents)

40.2 Dividends

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Equity dividend		
Final dividend for the year ended 31 March 2017 of ₹ 1 per fully paid share (31 March 2016 : ₹ 1 per fully paid share)	80.29	79.99

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41 Net debt reconciliation

₹ in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Cash and cash equivalents and bank overdraft	146.88	42.42	74.43
Margin money deposits	263.42	506.01	589.66
Non- current borrowings	(3,158.37)	(3,385.99)	(3,915.46)
Current borrowings	(4,956.23)	(4,669.91)	(5,629.99)
Interest Payable	(61.95)	(66.21)	(71.17)
Net Debt	**(7,766.25)**	**(7,573.68)**	**(8,952.53)**

₹ in lacs

	Cash and cash equivalents and bank overdraft	Margin money deposits	Non current borrowings	Current borrowings	Interest Payable	Total
Net as at 1 April 2016	74.43	589.66	(3,915.46)	(5,629.99)	(71.17)	**(8,952.53)**
Cash flows	(32.01)	(83.65)	468.74	950.16	-	**1,303.24**
Foreign Exchange adjustments	-	-	60.73	9.92	(8.38)	**62.27**
Finance Cost Expense	-	-	-	-	(981.89)	**(981.89)**
Finance Cost Paid	-	-	-	-	995.23	**995.23**
Net as at 31 March 2017	**42.42**	**506.01**	**(3,385.99)**	**(4,669.91)**	**(66.21)**	**(7,573.68)**
Cash flows	104.46	(242.59)	237.98	(279.80)	-	**(179.95)**
Foreign Exchange adjustments	-	-	(10.36)	(6.52)	25.23	**8.35**
Finance Cost Expense	-	-	-	-	(934.39)	**(934.39)**
Finance Cost Paid	-	-	-	-	913.42	**913.42**
Net as at 31 March 2018	**146.88**	**263.42**	**(3,158.37)**	**(4,956.23)**	**(61.95)**	**(7,766.25)**

42 Subsidiary considered in the consolidated financial statement is:

Sr. No	Subsidiary / joint venture	Name of the Subsidiary / joint venture	Principal place of business and country of incorporation	Proportion of ownership interest	Method of accounting
1	Subsidiary	Zim Laboratories FZE,UAE	UAE	100%	Cost

Statement pursuant to details to be furnished for subsidiaries as prescribed by Companies Act, 2013

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Rupees in lacs	As % of consolidated profit or loss	Rupees in lacs
Parent: Zim Laboratories Limited	99.53%	13,596.51	95.70%	1,828.78
Foreign subsidiary				
Zim Laboratories FZE	0.50%	67.76	4.30%	82.21
Total elimination/adjustment	-0.03%	(3.98)	0.00%	-
TOTAL	100.00%	13,660.29	100.00%	1,910.99

43 Operating leases

Where Company is the lessee :

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

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Within one year	9.60	6.60	6.60
After one year but not more than five year	34.88	21.67	28.27
More than five years	-	-	-

The Company has entered into operating lease agreement for a premises. The lease term is 5 years with lease rent of ₹ 9.6 lacs p.a. (31 March 2017 ₹ 6.60 lacs p.a.). The renewal option is included in the contracts. There are no restrictions placed upon the Company by entering into these leases. There is escalation clause in the lease agreement. There are no subleases.

44 Research and development expenditure

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Revenue expenditure charged to Statement of Profit and Loss (under notes 30, 32, 33, 35 and 36)	937.37	813.80
Capital Expenditure	554.81	136.53
	1,492.18	**950.33**

45 Related party disclosures

As per Ind AS 24 "Related party Disclosures", disclosure of transactions with the related parties as defined in the Indian Accounting Standard are given below:

List of related parties and relationship

(i) Key Managerial Personnel:

Mr. Anwar S. Daud	Managing Director
Mr. Zulfiquar Kamal	Director & CFO
Mr. Riaz A. Kamal	Executive Director
Mr. Niraj Dhadiwal	Executive Director
Mr. Prakash Sapkal	Executive Director
Mr.Naresh Gaikwad	Independent Director
Mr. V.V. Parashar	Independent Director
Mr. Suprakash. Chakravarty	Independent Director
Mr. Padmakar Joshi (w.e.f. 21 September 2017)	Independent Director
Mrs. Kavita Loya (w.e.f 21 September 2017)	Independent Director
Mr. Piyush Nikhade (w.e.f 1 September 2017)	Company Secretary
Mr. R.A. Parasuraman (upto 31 August 2017)	Company Secretary

(ii) Other relatives:

Mrs. Nidhi Sapkal — Wife of Executive Director

(iii) Other Significant influences

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

Related Party Disclosures:

Nature of transactions		Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
1)	**Remuneration**		
	Mr. Anwar S. Daud	100.00	80.00
	Mr. Riaz A. Kamal	27.00	20.00
	Mr. Zulfiquar Kamal	62.50	48.00
	Mr. Niraj Dhadiwal	59.75	53.78
	Mr. Prakash Sapkal	58.25	52.78
	Mr. Piyush Nikhade	4.67	-
	Mr. R.A. Parasuraman	2.50	6.00
2)	**Director's fees and commission**		
	Mr.Naresh Gaikwad	1.00	0.60
	Mr. V.V. Parashar	1.00	0.60
	Mr. Suprakash. Chakravarty	1.00	0.60
	Mr. Padmakar Joshi	0.50	-
	Mrs. Kavita Loya	3.00	-
3)	**Professional Fees**		
	Mrs. Nidhi Sapkal	12.00	-
4)	**Rent paid**		
	Mr. Anwar S. Daud	8.40	6.00
The remuneration to Key management personnel does not include provision for employee benefits determined based on actuarial basis.			
5)	**Share Application Money received, shares were allotted during the year under ESOS**		
	Mr. Niraj Dhadiwal	1.25	1.25
	Mr. Prakash Sapkal	1.25	1.25
6)	**Dividend Paid**		
	Mr. Anwar S. Daud	22.23	22.23
	Mr. Riaz A. Kamal	0.02	0.02
	Mr. Zulfiquar Kamal	1.99	1.99
	Mr. Niraj Dhadiwal	0.25	0.13
	Mr. Prakash Sapkal	0.25	0.13
	AA Development Capital India Fund 1, LLC	17.83	17.83

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Balances outstanding at year end			
Advance against expenses to Managing Director			
Mr. Anwar S.Daud	6.01	11.86	14.28
Payable to Key Managerial Personnel			
Mr. Anwar S. Daud	14.42	14.11	12.72
Mr. Zulfiquar Kamal	7.35	4.76	4.40
Mr. Riaz A. Kamal	5.09	1.87	1.42
Mr. Niraj Dhadiwal	1.00	3.62	2.97
Mr. Prakash Sapkal	5.81	3.75	3.26
Mr. Naresh Gaikwad	0.03	0.13	-
Mr. V.V. Parashar	0.03	0.13	-
Mr. Suprakash. Chakravarty	0.65	0.18	-
Mr. Padmakar Joshi	0.15	-	-
Mrs. Kavita Loya	1.70	-	-
Mr. Piyush Nikhade	0.67	-	-
Trade Payable			
Mr. Anwar S. Daud	7.56	1.80	1.78
Mrs. Nidhi Sapkal	1.89	-	-

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 20 and 22).

Executive Directors compensation

		Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
a)	Short- term employee benefits	304.92	251.98
b)	Post- employment benefits	2.58	2.58
Total compensation *		**307.50**	**254.56**

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

46 Contingent Liabilities and Commitments

(A) Contingent Liabilities

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Sales tax	-	-	21.33
Service tax	259.76	254.32	5.76
Income tax	275.71	277.04	322.23
Gram Panchayat Tax	6.69	6.69	4.41
Labour claims	15.00	15.00	15.00
Export obligation-Advance License	31.09	1.26	19.82
Total	**588.25**	**554.31**	**388.55**

Notes:

1. *The Company does not expect any reimbursement in respect of the above contingent liabilities.*
2. *It is not practical to estimate the timing of cash outflows, if any, in respect of matters above, pending resolution/completion of the appellate proceedings/other proceedings, as applicable.*

(B) Commitments

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Estimated value of contracts in capital account remaining to be executed (net of capital advance)	221.44	282.12	0.75
Commitment relating to lease arrangements (Also refer note 43)	44.48	28.27	34.87

47 Employee benefits

As per Indian Accounting Standard-19, 'Employee Benefits', the disclosure of Employee benefits as defined in the Standard are given below:

(a) Defined Contribution Plan:

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Employer's Contribution to Provident fund	109.03	90.92
Employer's Contribution to ESIC	24.40	15.12

(b) Defined Benefits Plan (of the Company only) :

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.

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Mortality Table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Discount rate	7.68%	7.09%
Salary growth rate	5.00%	5.00%
Withdrawal rate	12.00%	12.00%
Expected rate & return on Plan assets	7.68%	7.09%
Changes in the Fair value of Plan Assets		
Present Value of Plan Assets at the beginning of the year	241.81	176.25
Investment Income	17.14	13.83
Employer's Contribution	30.77	52.30
Benefits Paid	-	(0.28)
Return on plan assets, excluding amount recognised in net interest expense	(0.10)	(0.29)
Fair Value of Plan Assets at the end of the year	**289.62**	**241.81**
Changes in the Present Value of Obligation		
Present Value of Obligation at the beginning of the year	262.69	198.01
Current Service Cost	30.64	20.97
Interest Expenses or Cost	18.63	15.52
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in the demographic assumptions	-	(3.64)
- change in the financial assumptions	(10.01)	9.93
- experience variance (i.e. Actual experience v/s assumptions)	28.83	26.00
Past Service Cost	3.65	-
Benefits Paid	(3.52)	(4.10)
Present Value of Obligation at the end of the year	**330.91**	**262.69**

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs	As at 1 April 2016 ₹ lacs
Amount recognised in the Balance Sheet			
Present Value of Obligation at the end of the year	330.91	262.70	198.01
Fair Value of Plan Assets at the end of the year	(289.62)	(241.81)	(176.25)
Net Liability recognised at the end of the year	**41.29**	**20.89**	**21.76**
Percentage of each category of plan assets to total fair value of plan assets as at year end:			
Administered by Life Insurance Corporation of India	**100.00%**	**100.00%**	**100.00%**

	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Expenses recognised in the Statement of Profit and Loss		
Current Service Cost	30.64	20.97
Past Service Cost	3.65	-
Loss/ (Gain) on settlement	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	1.48	1.70
Total expenses recognised in the Statement of Profit and Loss	**35.77**	**22.67**
Actuarial (gains) / losses		
Actuarial (Gains)/Losses on Obligation For the Period	18.82	32.29
Return on Plan Assets, Excluding Interest Income	0.10	0.29
Actuarial (Gain)/ Loss recognised in Other Comprehensive Income	**18.92**	**32.58**
The defined benefit obligations shall mature after year end 31 March 2018 as follows :		
2018	-	34.22
2019	43.38	30.39
2020	40.71	29.99
2021	41.53	30.58
2022	45.80	33.47
2023	35.26	-
Thereafter	328.75	258.07

Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, attrition rate and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of the sensitivity analysis is given below:

	As at 31 March 2018 ₹ lacs	As at 31 March 2017 ₹ lacs
Defined Benefit Obligation (Base)	330.91	262.70

	Year ended 31 March 2018 ₹ lacs		Year ended 31 March 2017 ₹ lacs	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+ 1%)	17.36	(15.65)	14.56	(13.07)
(% change compared to base due to sensitivity)	5.2%	-4.7%	5.5%	-5.0%
Salary Growth Rate (-/+ 1%)	(16.08)	17.42	(13.44)	14.71
(% change compared to base due to sensitivity)	-4.9%	5.3%	-5.1%	5.6%
Attrition Rate (-/+ 0.50%)	(2.39)	2.10	(1.18)	0.99
(% change compared to base due to sensitivity)	-0.7%	0.6%	-0.4%	0.4%

(c) Compensated absences

The obligation for compensated absences is recognised in the same manner as gratuity and net charge to the Statement of Profit and Loss for the year is ₹ 37.22 lacs (Previous Year: ₹ 31.99 lacs).

48 Segment reporting

The Company is primarily engaged in the business of pharmaceuticals. The Company has entrusted decision making authority to the Managing Director (highest authority) who is the Chief Operating Decision Maker (CODM) who has complete control over the operating decisions and is responsible for the information presented to the Board of Directors. Managing Director reviews the Company's performance based on the analysis of the Profit Before Tax (PBT) at an overall entity level and therefore there is no other seperate reportable segment for the Company as defined by Ind AS 108 "Operating Segment".

Information about geographical areas are as under :

₹ lacs

Particulars	31 March 2018			31 March 2017		
	In India	Outside India	Total	In India	Outside India	Total
Revenue from operations	11,657.15	15,769.37	**27,426.52**	10,585.74	13,510.17	**24,095.91**
Carrying amount of segment assets	25,359.41	3,989.27	**29,348.68**	21,446.17	3,516.81	**24,962.98**
Capital expenditure for the year	1,704.63	304.31	**2,008.94**	531.31	129.35	**660.66**
- Property, Plant and Equipment	1,702.03	-	**1,702.03**	530.75	-	**530.75**
- Intangible assets	2.60	304.31	**306.91**	0.56	129.35	**129.91**

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

49 Employees Stock Option Scheme

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

I. The position of the Employee Stock Option Scheme (ESOS) of the Company as at 31 March 2018 is as under:

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

S.No.	Particulars	ESOS
8	The exercise period	Exercise anytime within one year from date of vesting.
9	Vested during the year	30,608
10	Exercised during the year	30,608
11	Weighted average price*	118

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

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

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

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

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

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

IV. The movement of stock options during the year ended 31 March 2018 are summarized below:

Particulars	Number of options
Options outstanding at the beginning of the year	91,824
Options granted during the year	Nil
Options Forfeited / lapsed during the year	Nil
Options vested during the year	30,608
Options exercised during the year	30,608
Total number of shares arising as a result of exercise of options	30,608
Money realised by exercise of options	3,06,080
Expired during the year	Nil
Options outstanding at the end of the year	61,216
Options exercisable at the end of the year	Nil

V. The exercise price and expected remaining contractual life (comprising the vesting period and exercise period) of options outstanding as at 31 March 2018 is as follows:

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

VI. Cash inflow on exercise of options and weighted average share price at the date of exercise:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Exercised during the year	3,06,080	3,06,250

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

VII. The estimates of future cash inflow that may be received upon exercise of options:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Within one year	3,06,080	3,06,080
Between two years to five years	3,06,080	6,12,160

50 First time adoption of Ind AS

First Ind AS Financial statements

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet as at 1 April 2016 (the date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with accounting standards notified under Companies (Accounting Standards) Rules, 2006, as amended and the relevant provisions of the Act (Indian GAAP/Previous GAAP). Consequently, in preparing these Ind AS financial statements, the Company has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as explained below. The resulting difference in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity).

An explanation of how the transition from Previous GAAP to Ind AS has affected the Company's financial position and financial performance is set out in the below notes:

A Exemptions and exceptions availed

(i) Ind AS optional exemption

Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38, Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value on the date of transition.

Share-based payment

The Company has availed exemption available under Ind AS 101 on application of Ind AS 102, "Share Based Payment", for equity instruments that vested before the date of transition to Ind AS and accordingly the unvested options as on the transition date have been measured at fair value as against instrinsic value previously recognised under Previous GAAP.

Asset held for sale

The Company has opted for transitional relief under Ind AS 101 (paragraph D35AA) while applying Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. Paragraph D35AA provides the Company to use the transitional date circumstances to measure such assets or operations at the lower of carrying value and fair value less cost to sell.

ii Ind AS mandatory exception

Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

The estimates as at 1 April 2016 and 31 March 2017 are consistent with those made for the same dates in accordance with previous GAAP (after adjustment to reflect differences if any, in accounting policies) apart from the below item where the application of previous GAAP did not require estimation:

- Impairment of financial assets based on the expected credit loss model

The estimates used by the Company to present the amounts in accordance with Ind AS reflect conditions that existed at the date of transition to Ind AS.

De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information required to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initial accounting for those transactions.

The Company has applied the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

B First time adoption reconciliations

Reconciliation of equity from Previous GAAP to Ind AS

₹ lacs

Particulars	Note	Equity as at 31 March 2017	Equity as at 1 April 2016
Equity as per Indian GAAP		**11,796.51**	**9,896.24**
GAAP adjustments:			
Impact on account of reversal of proposed dividend (including tax)	B.1	-	96.27
Loan processing charges recognized	B.2	36.62	51.48
Total - GAAP adjustments		**36.62**	**147.75**
Equity as per Ind AS		**11,833.13**	**10,043.99**

Reconciliation of profit and loss for the year 2016-17

₹ lacs

Particulars	Note	Equity as at 31 March 2017
Net Profit for the period as per Indian GAAP		**1,851.82**
GAAP adjustments:		
Impact of recognising actuarial gains / (losses) in OCI	B.3	32.58
Loan processing charges recognized	B.2	(14.86)
Others	B.4	0.34
Impact of deferred taxes on the above adjustments	B.5	(11.28)
Net profit after tax for the period under Ind AS		**1,858.60**
Other comprehensive income (net of tax)		(21.05)
Profit / Loss as per Ind AS		**1,837.55**

Explanations to reconciliations

B.1 Impact on account of reversal of proposed dividend (including tax)

Previous GAAP – Proposed dividends upto 31 March 2016, were recognised as a liability, basis adjusting event occurring after the balance sheet date.

Ind AS – Dividends are non-adjusting events post balance sheet date and hence recognised as and when approved by the shareholders. Consequent to the change, dividends proposed (incl. tax thereon) as at 31 March 2016 of ₹ 96.27 have been reversed in equity.

B.2 Impact of recognising prepaid expenses on transaction costs incurred towards origination of borrowings

Indian GAAP - these transaction costs were charged to the profit and loss as and when incurred.

Ind AS - These costs are recognised in the profit and loss over the tenure of the borrowing as interest expense, corresponding effect being in Prepaid expenses ₹ 36.62 lacs (1 April 2016 - ₹ 51.48 lacs) since variable in nature.

B.3 Impact of recognising actuarial gains / losses on defined benefit obligations in other comprehensive income

Indian GAAP - Actuarial gains / losses on defined benefit obligations is recognised in statement of profit and loss.

Ind AS - Actuarial gains / losses on defined benefit obligations is recognised in other comprehensive income (OCI). Consequently, actuarial gains of ₹ 32.58 lacs has been recognised in OCI

B.4 Impact of remeasurement of Employee stock option expense

Indian GAAP - The cost of equity-settled employee share-based plan were recognised using the intrinsic value method.

Ind AS - The cost of equity-settled employee share-based plan is recognised based on the fair value of the options as at the grant date. Consequently, the amount recognized in the share option outstanding account increased by ₹ 0.34 lacs.

B.5 Impact on account of deferred taxes

The impact of transition adjustments together with Ind AS mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred tax has impacted the reserves on date of transition, with consequential impacts to the statement of profit and loss for the subsequent periods leading to increase in the deferred tax expense by ₹ 11.28 lacs.

51 Earnings per share

		Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
I.	Profit Computation for both Basic and Diluted Earnings per share:		
	Net Profit attributable to equity share holders (in ₹)	1,910.99	1,858.60
II.	Computation of weighted average number of equity shares :		
	Weighted average number of equity shares in calculating basic EPS	80,50,613	80,21,761
	Weighted average number of equity shares in calculating diluted EPS	81,07,039	81,06,401
III.	Earnings Per Share:		
	Basic (in ₹)	23.74	23.17
	Diluted (in ₹)	23.57	22.93

52 Corporate Social Responsibility (CSR)

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

Particulars	Year ended 31 March 2018 ₹ lacs	Year ended 31 March 2017 ₹ lacs
Average net profit of the Company for last three financial years	(98.36)	(255.11)
Prescribed CSR expenditure (2% of the average net profit as computed above)	-	-
Details of CSR expenditure during the financial year :		
Total amount to be spent for the financial year	-	-
Amount spent	10.00	5.00
Amount unspent	-	-

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

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

For and on behalf of the Board of Directors

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

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director & CFO
DIN: 01786763

Place: Nagpur
Date: 25 May 2018

Place: Nagpur
Date: 25 May 2018

Piyush Nikhade
Company Secretary

FORM AOC-I

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

Statement containing salient features of the financial statement of subsidiaries/ associate companies / joint ventures

Part "A" : Subsidiaries

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

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, 2017 to March, 2018
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- ₹17.745/AED
5.	Share capital	:	₹ 4,43,625.00
6.	Reserves & surplus.	:	₹ 63,32,691.96
7.	Total assets	:	₹ 2,74,52,651.92
8.	Total liabilities	:	₹ 2,74,52,651.92
9	Investments	:	Nil
10.	Turnover	:	₹ 2,70,03,907.35
11.	Profit /(Loss)before taxation	:	₹ 82,21,302.46
12.	Provision for taxation	:	Nil
13.	Profit/(Loss) after taxation	:	₹ 82,21,302.46
14.	Proposed Dividend	:	Nil
15.	% of shareholding.	:	100%

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

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiquar M. Kamal
Director & CFO
DIN: 01786763

Place: Nagpur
Date: 25 May 2018

Piyush Nikhade
Company Secretary

NOTES

Zeal & Innovation in Medicine

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