



Zeal & Innovation in Medicine

Date : 08.09.2021

To

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

**Scrip Code- 541400**

**Sub : Submission of Annual Report for F.Y. 2020-21**

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

Dear Sir,

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, please find enclosed herewith Annual Report for the Financial Year 2020-21.

The Annual Report for the financial year 2020-21 is also uploaded on the website of the company i.e. [www.zimlab.in](http://www.zimlab.in)

Please take the same on your records.

Thanking you,

Yours faithfully,  
For **ZIM LABORATORIES LIMITED**

(Piyush Nikhade)  
Company Secretary and Compliance Officer



**ZIM LABORATORIES LIMITED**

[www.zimlab.in](http://www.zimlab.in) | [info@zimlab.in](mailto:info@zimlab.in) | CIN : L99999MH1984PLC032172

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Nagpur - 440013. Maharashtra, India. Ph. +01.712.2588070

# ZIM Laboratories Limited

Value Added  
**Generics** Through  
INNOVATION



## Value Added **Generics** Through INNOVATION

At ZIM, we strive to be in the forefront of research and development aiming to develop innovative complex generic products. We believe that innovating on existing products can provide better efficacy, features, and performance. Through our independent R&D centre recognised by the DSIR, Government of India, we developed several differentiated generics based on innovative process technologies.

We believe that quality healthcare should be accessible to everyone. This can partly be made possible by developing and distributing drugs that are more effective while at the same time lowering the overall cost of treatment. Our complex and combination generic products are developed for providing better drug efficacy, lower dosage frequency, improved bio-availability, minimisation of side effects and increased patient compliance and treatment adherence.

Going forward, we will continue to focus on differentiated generic therapeutic molecules that have been repurposed, re-combined, or reformulated. These drugs we believe will give us a competitive advantage, making us a highly relevant player in the pharmaceutical industry landscape. Maintaining the culture of innovation and adhering to our core values in all our endeavors will ensure that we continue to deliver the best partnerships and outcomes for all stakeholders.

“ We believe that quality healthcare should be accessible to everyone. This can partly be made possible by developing and distributing drugs that are more effective while at the same time lowering the overall cost of treatment. ”



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Complex & Combination  
Generic Products



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Differentiated Generic  
Products



# Corporate Information

## Board Of Directors

Dr. Anwar Daud  
*Chairman and Managing Director*

Mr. Zulfiquar Kamal  
*Director (Finance)*

Mr. Prakash Sapkal  
*Director (Operations)*

Mr. Niraj Dhadiwal  
*Director (Business Development)*

Dr. Veerendra Parashar  
*Independent Director*

Dr. Naresh Gaikwad  
*Independent Director*

Mr. Suprakash Chakravarty  
*Independent Director*

Mrs. Kavita Loya  
*Independent Director*

Mr. Padmakar Joshi  
*Independent Director*

## Board Committees Audit Committee

Mrs. Kavita Loya, Chairperson

Dr. Naresh Gaikwad

Dr. Veerendra Parashar

Dr. Anwar Daud

## Nomination and Remuneration Committee

Dr. Veerendra Parashar, Chairman

Dr. Naresh Gaikwad

Mrs. Kavita Loya

Dr. Anwar Daud

## Stakeholder Relationship Committee

Dr. Naresh Gaikwad, Chairman

Mr. Padmakar Joshi

Dr. Anwar Daud

## Corporate Social Responsibility Committee

Mr. Suprakash Chakravarty, Chairman

Mr. Padmakar Joshi

Dr. Anwar Daud

Mr. Zulfiquar Kamal

## Chief Financial Officer

Mr. Shyam Mohan Patro

## Company Secretary & Compliance Officer

Mr. Piyush Nikhade

## Statutory Auditors

Walker Chandio & Co. LLP  
*Chartered Accountants*

## Internal Auditors

Protiviti India Member Private Limited

## Secretarial Auditors

Ms. Roshni Jethani  
*Company Secretary in Practice*

## Registrar & Transfer Agent

LINK INTIME INDIA PVT. LTD.  
C-101, 247 Park, LBS Marg,  
Vikhroli West, Mumbai - 400 083.  
Tel. No.: 91-22-4918 6000  
Toll Free No.: 1800 1020 878  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## Registered Office

Sadoday Gyan (Ground Floor),  
Opp NADT, Nelson Square,  
Nagpur - 440013.  
Tel: 0712-2981960  
Email: [cs@zimlab.in](mailto:cs@zimlab.in)  
Website: [www.zimlab.in](http://www.zimlab.in)

## Bankers

Bank of India  
Shamrao Vithal Co-operative Bank  
Limited

## CIN NO.

L99999MH1984PLC032172



WE ARE RESEARCH-DRIVEN PHARMACEUTICAL COMPANY WHO DEVELOP, MANUFACTURE AND SUPPLY DIFFERENTIATED GENERIC PRODUCTS IN THE ORAL SOLID DOSAGE FORMS, BOTH AS PRE-FORMULATION INTERMEDIATES AS WELL AS FINISHED FORMULATION FOR CERTAIN KEY THERAPEUTIC SEGMENTS. WE OFFER BOTH PHARMACEUTICAL AND NUTRACEUTICAL PRODUCTS.

WE HAVE IN-HOUSE R&D CAPABILITIES TO OFFER A RANGE OF NON-INFRINGEMENT DRUG DELIVERY SOLUTIONS BASED ON PROCESS TECHNOLOGIES THAT BRING PATIENT COMPLIANCE THEREBY REDUCING THE COST OF TREATMENT.

## VISION

Making Quality Healthcare Affordable Through Drug Delivery Solutions Focusing On Patient Convenience and Adherence. ZIM Lab's value propositions are 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.

## WHAT WE DO

We provide our customers with a comprehensive range of solutions that include product conceptualization, development, clinical studies, regulatory support for dossier development and submission, product registrations, manufacture and supplies.

Our offerings cover differentiated generic products as finished formulations and pre-formulations intermediates, which include granules, pellets (immediate, modified, delayed release, etc.), taste-masked powders, dry suspensions, tablets, capsules, and oral thin films.

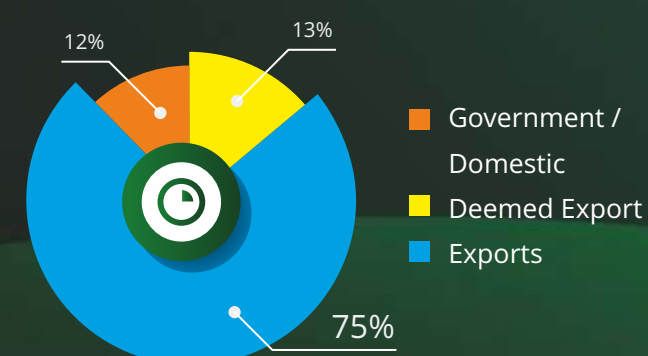
## HOW WE CREATE VALUE FOR OUR PARTNERS & PATIENTS

We strive to bring product differentiation by developing complex generic products as well as introducing novel drug delivery techniques that provide unique therapeutic benefits to the patient and competitive edge to our partners and customers.

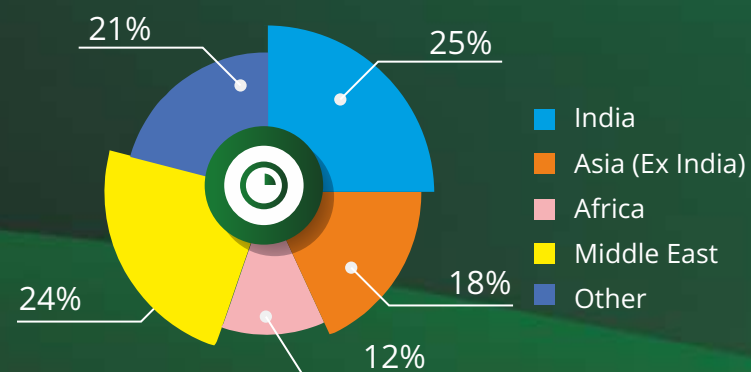
We provide end-to-end support that includes

- ▶ Partnerships
  - Co-development
  - Out licensing
- ▶ Country specific registration dossiers
- ▶ Manufacturing and supply
- ▶ Marketing support

Breakup of Sales (%) FY-2021



Region Wise Revenue Break up (%) FY-2021



## Zeal

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



## Innovation

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



## Partnerships

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



## Integrity

Be fair, honest, transparent and ethical in our conduct



## Performance

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



## Teamwork

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



## Care for Environment

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

# Our Manufacturing Footprints

## STATE OF THE ART FACILITIES

### FOR INNOVATION AND GROWTH

ZIM Labs has internationally accredited infrastructure with seamless technology integration for cutting edge manufacturing.

3 State-of-the-art  
Manufacturing  
units in **NAGPUR**

### OTF FACILITY

## Oral Thin Film Facility

Manufacturing Capabilities

OTF

Accreditations

EU-GMP, WHO-GMP & ISO 9001

The state-of-the-art OTF manufacturing facility is capable of manufacturing 324 million strips per annum.

This is a dedicated facility for the manufacturing of OTF in various treatment areas and has separate nutraceutical and pharmaceutical manufacturing areas.



### CEPHALOSPORIN FACILITY

## Solid Oral Dosage

Manufacturing Capabilities

Accreditations

WHO-GMP & ISO 9001

The Cephalosporin facility manufactures Taste-Masked Preformulation and Formulation products which are supplied to international customers.



### GENERAL FACILITY

## Solid Oral Dosage

Manufacturing Capabilities

DC Granules, Tablets, Pellets, Capsules & Dry Syrup

Accreditations

EU-GMP, WHO-GMP & ISO 9001

It has been constructed with adequate separation to cater to the activities required to manufacture different formulations, warehousing, and quality control.





# Value Proposition

## Focus on the NDDS Segments

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

## Unique R&D Focussed Business Model

With our R&D capabilities and manufacturing skills, we are able to develop and supply differentiated generic products, in pre-formulation dosage forms, to business partners who need comprehensive support in product development, full manufacturing technical training, registration & sourcing of such differentiated products to boost their pipeline & compete.

## Manufacturing Facilities

We have three manufacturing blocks (General, Cephalosporin and Oral Thin Films). ZIM general block and OTF Block is EU-GMP and WHO- GMP approved. Its Cephalosporin block is WHO-GMP approved ZIM is amongst the few companies in India to receive EU-GMP and WHO-GMP approval for its Oral Thin Films facility.

## Multi-Pronged Growth Strategy

Developing new technology platforms & differentiated generic products for itself and under licence arrangement. Manufacturing and supply of finished and semi-finished formulations for the RoW. Development of Oral Thin Films (OTF) as an alternate delivery platform.

## Expanding Footprints

686  
Product registrations

190  
Applied registrations

250  
Registrations in pipeline

## Strong R&D Capabilities

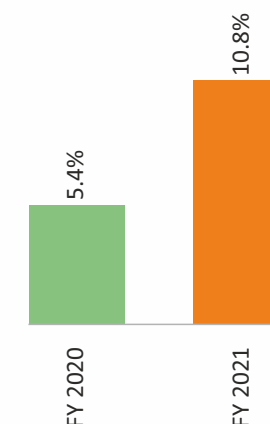
- R&D team of 100+ personnel,
- EU-GMP & WHO-GMP approved manufacturing facilities,
- Manufacturing at the facility spread over 1,25,000 sq. ft. in Nagpur
- We are now setting up a new R&D centre with team, equipment and capabilities targeted for developed markets.

# FY 2021 in numbers and trends

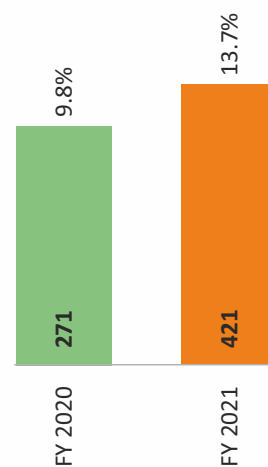
## Revenue From Operations (₹. in Mn)



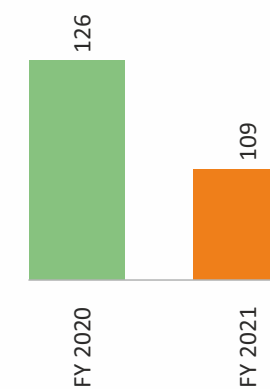
## ROCE (%)



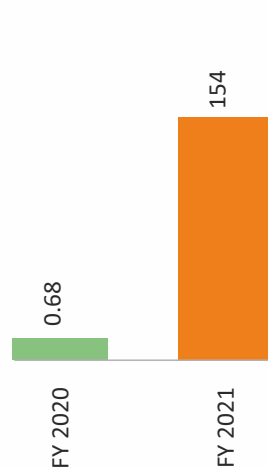
## EBIDTA and EBIDTA Margin (₹. in Mn)



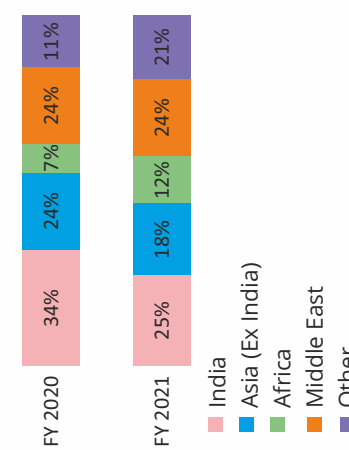
## Finance Costs (₹. in Mn)



## Pre Tax Profits (₹. in Mn)



## Regionwise Revenue Break up (%)



# Our Diverse Technology Offerings

## Therapy Agnostic Products: Multiple Technology Platforms

Our technology aims at making available differentiated, novel dosage forms to our business associates for premium product leadership and health solutions to our patients that provide unique & enhanced benefits affordably.

### Pellets (Multiparticulates) - In Different Release Patterns



Multiparticulates offer better control on the release profiles of drug molecules and therefore are preferred for the designing of modified release dosage forms.

### Directly Compressible Granules



Directly compressible granules are just one step away from getting converted into end product i.e. tablets. We have the state-of-the-art technology to manufacture directly compressible granules, especially with modified release profiles. These granules can be directly compressed into tablets with minimal challenges at any manufacturing facility.

### Thinoral Technology



We are one of the few companies globally having in-house technology for the manufacturing of Oral Thin Films (OTF) for patient populations like pediatric, geriatric and mentally challenged patients.

### Taste Masking



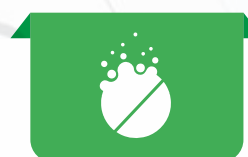
Oral administration of bitter or unpleasant tasting drug is often the biggest barrier for developing medicines for special need patient populations.

# Differentiated Product Portfolio

We are fully integrated NDDS player with a alliances with global pharma innovators and a global presence



Pellets



DC  
Granules



Oral Thin  
Films (OTF)



Tablets



Capsules



Dry  
Syrups



# CMD'S Message to Shareholders



## Dear Shareholders,

It is my privilege to write to you and present the Annual Report for FY 2020-21. I hope this letter finds you safe and in good health.

The FY 2020-21 was a challenging year for all of us in many ways. Amidst an uncertain global pandemic and challenging industry dynamics, we have continued to endeavour on our growth journey by being guided by our core principles of employee safety and wellbeing, business continuity

and social responsibility. This encouraging performance has been supported by our commitment to quality, and constant focus on product differentiation and innovation.

## OUR PERFORMANCE IN FY 20-21

Your company witnessed a growth in revenue from ₹ 2777 million to ₹ 3073 million i.e 10.7% w.r.t FY 20. The EBITDA improved from ₹ 244 million in FY 20 to ₹ 392 million in FY 21, a growth of 60.7%. The Pre-Tax Profit improved to ₹ 137 million as against loss of ₹ 15 million in FY 20.

Both the revenues from PFI Export and Export Formulation grew by 18.8% and 57.8% respectively in the FY 21 with respect to FY 20. Due to the strategical shift in business mix, the export has increased to 75% of revenue in FY 21 from 40% in FY 14.

Several initiatives were undertaken during the year to ensure that costs were continuously controlled.

## BEING RESILIENT IN A TIME OF UNCERTAINTY

FY 2021 has brought with it the loss of lives as well as livelihoods globally. The sudden changes in the direction and intensity shown by Covid-19 and its variants created vast upheavals in regular work and supply chains. Local disruptions in material availability and workforce in turn created frequent disruptions in demand and supply resulting in price fluctuations and sudden shortages such that each working day for organizations like Zim brought its own challenges which needed to be addressed

creatively. Indeed, it is times like these which test the resilience and grit of a team and ultimately the collective character of an organization.

I am proud to inform that the Zim team showed its mettle and came out with flying colours! We continued on our path of serving our patients and maintained an unbroken supply of all our committed orders in spite of challenging circumstances. We have also worked on advancing our pipeline and turning towards new

ways of engaging with customers and each other.

In India, the pharmaceutical sector is known to be the largest provider of generic drugs globally. According to the Indian Economic Survey 2021, the domestic market is expected to grow 3x in the next decade. Currently, it is estimated at US\$ 42 billion and is likely to reach US\$ 65 billion by 2024 and will further expand to reach US\$ 120-130 billion by 2030. Because of this, India enjoys an important position in the global pharmaceuticals supply chain. According to IBEF, India plans to set up a nearly ₹ 1 Lakh crore (US

## OUR GROWTH STRATEGY

In an increasingly challenging business environment, it has become imperative for companies to be more creative and identify new engines for growth. Our growth strategy focuses on developing differentiated generic medicines for enhancing patient convenience and treatment adherence by manufacturing and supplying finished and semi-finished formulations for ROW and pharma emerging markets and developing new technology platforms using proprietary technology. Within this framework, we believe that the adoption of the appropriate innovative technologies will enable us to improve and facilitate patient welfare in India as well as globally. Maintaining the culture of innovation and adhering to our core values in all our endeavours will ensure that we continue to deliver the best partnerships and outcomes for all our stakeholders.

Towards the end, in the year 2019, we had entered into Co-Development, Production and Supply contracts for multiple Combination and Dosage transformation Generic products with several national and international partners. By ourselves and through these contracts, we aim to develop differentiated generic products whose patents have recently expired or will soon expire. We intend to register and market these developed products in the EU and across global

\$1.3 billion) fund to provide a boost to companies to manufacture pharmaceutical ingredients domestically by CY 2023.

To take advantage of the growing importance of India in the pharmaceutical industry, we are constantly putting effort in our R&D to develop innovative product and delivery solutions that enhance patient convenience and improve treatment adherence. This approach gives us a competitive edge, strengthening our fundamentals across our businesses and improving our overall performance.

markets such as Asia, Latin America, and the Middle East as Finished Formulations in partnership with leading Marketing Companies or as Pre-Formulation Intermediaries (PFI) in partnership with Pharmaceutical Companies including the developed markets. In the next few years, several originator therapeutic molecules are coming off patent. This provides us the opportunity to tie up with clients for supply of differentiated PFIs for the Pharmerging and developed markets. We intend to make use of our EU-GMP and WHO-GMP approvals and other accreditations from Regulatory Authorities to position ourselves as a preferred partner for development, manufacture and supply of differentiated products. Our existing product basket and the PFI business will also help us to grow our Finished Formulations business in specific therapeutic segments.

Finally, in terms of our Oral Thin Films (OTF), our innovative technologies for manufacturing them have strong protection through the filing of 30 product process patents, few of which are already granted in various territories including the USA, India, Malaysia, Ukraine and Eurasia. We intend to leverage these technologies to develop nutraceutical products, vitamins and other Over-the-Counter (OTC) pharmaceutical and nutraceutical products for launch in the developed and advanced markets.

## RECALIBRATING OUR BUSINESS TO ADDRESS NEW OPPORTUNITIES

Over the past few years, we've seen rapid growth in our export business due to a consistent increase in the sales of PFIs and Formulations. We also continued to foray into existing and new markets in emerging and developed countries.

We intend to be a preferred partner for development, manufacture, and supply of generic products with innovative delivery or release mechanisms that provide a unique marketing advantage to our customers and better margins. Furthermore, we aim to leverage on the existing product basket and the PFI business to grow our Finished Formulations business in specific therapeutic segments. We

also aim to increase our marketing efforts and add more partnerships and Joint Ventures with local players in new Pharmerging and ROW markets.

We aim to focus on improving existing generic drugs and formulae to lower dosage requirements, reduced side effects, and bring better patient compliance and treatment adherence, thereby increasing our competitive advantages for longer price stability and better margins even as the cost of treatment is reduced. Moreover, we are also developing our strategy of having a branded play in finished formulations.

## NOVEL DRUG DELIVERY PLATFORM - ORAL THIN FILMS (OTF)

We wish to leverage the OTF technology for developing pharmaceutical and nutraceutical products. We are working to develop and commercialize products on unique technologies like Spinoral™ and Printoral™ technologies which can be used for manufacturing heat and moisture sensitive products including peptides in the thin film dosage form.

It's our pleasure to inform you that our wholly owned European Subsidiary has received Maiden Manufacturing Authorisation from Infarmed in Portugal, Europe for Rizatriptan Oral Thin Film.

Some key initiatives taken in FY 2021:

- 1) CO-DEVELOPMENT AGREEMENT WITH NEURAXPHARM
- 2) EXCLUSIVE LICENSING AGREEMENT WITH HYPERA PHARMA GROUP
- 3) INCORPORATION OF WHOLLY OWNED SUBSIDIARY – ZIM Thinorals Private Limited.

## BUILDING A PIPELINE TO FUEL GROWTH

Our goal is to develop innovative products addressing unmet medical needs based on sound research. Our product pipeline would be a combination of in-house selection or under co-development contracts with our partners.

We aspire to be the most preferred technology partner for renowned pharmaceutical marketing companies in all the regions of the world. Furthermore, we also wish to leverage our technologies for developing pharmaceutical and

nutraceutical products for launch in the developed and advanced markets. We are also focusing on developing our innovative product pipeline. Our current focus is on entering into marketing, distribution, brand tie-ups, and partnerships which may include joint ventures for the development, marketing, and distribution of our various products.

## LOOKING AHEAD

ZIM Laboratories is built on a culture of Integrity and Innovation that is reflected, not just in the products we manufacture, but also in our people, our relationships, and our strategies. Maintaining the culture of innovation and adhering to our core values in all our endeavours will ensure that we continue to deliver the best partnerships and outcomes for all stakeholders.

Looking ahead into FY 2021-22, we are optimistic for the future. Having set the right strategic objectives along with the support of a strong leadership team, we are on the path to deliver sustainable growth in the long term. Our business has a positive and important impact on lives around the world. I would like to thank you for the confidence you have placed in your

company in its goal of making quality healthcare affordable and within the reach of millions of people.

We look forward to surging ahead with agility and resilience, keeping in mind that we have an important role to play in the present as well as post Covid future.

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

Best Wishes,

**Dr. Anwar Daud**  
Chairman & Managing Director



# Message from THE CFO



you and present the Annual Report for FY 2020-21. The year 2020-21 has been dramatic in a way we have not experienced before with overwhelming challenges and hardships. As you are aware, the COVID-19 pandemic which the world is facing has already disrupted and overwhelmed the healthcare system and economy. However, as a company, we responded quickly and effectively to the conditions arising from it.

Dear Shareholders,

It gives me immense pleasure to apprise

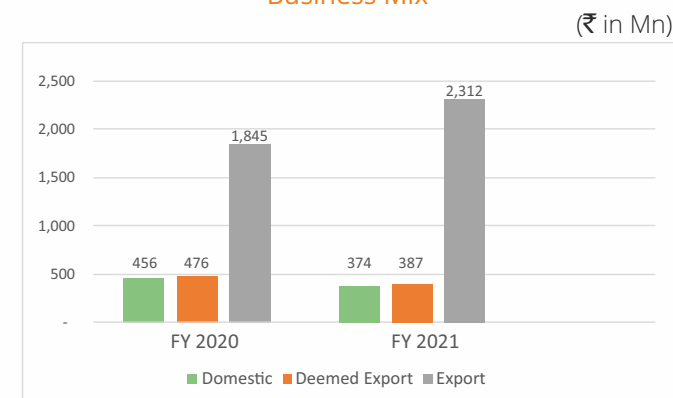
## OUR FINANCIAL PERFORMANCE

Our sales and operating profit in FY 2020-21 have increased through our continuous innovation and growth strategy to provide novel drug delivery solutions for patient welfare in Pharmerging and ROW markets. We have improved our financial performance and witnessed significant strategic progress this year through the strengthening of our revenue and EBITDA margins by increasing our market penetration while at the same time, working on process and cost optimization. Despite the challenges due to COVID-19, revenue from operations grew by 10.7% to ₹ 3,073 million from ₹ 2,777 million in previous year.

The Finance Cost has reduced from ₹ 126 million in 2019-20 to ₹ 109 million in 2020-21. The

Employee Cost including contract employees has been reduced from ₹ 514 million in 2019-20 to ₹ 493 million in 2020-21. Similarly, other expenses, except the commission and freight reduced from ₹ 358 million in 2019-20 to ₹ 321 million in 2020-21.

Business Mix



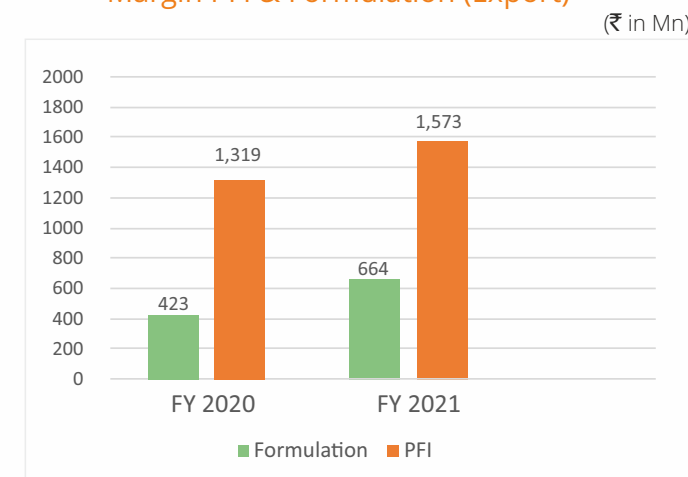
(Based on Consolidated financials)

## SUSTAINABLE LONG-TERM VALUE CREATION THROUGH ZIM CORE VALUES

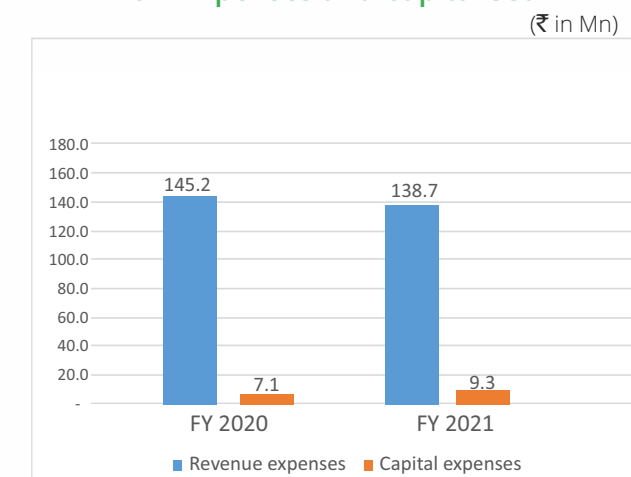
Your company has created long-term growth potential by registering 686 Products in 52 markets around the world. We have managed to grow our exports (formulations) by about 56.97% at ₹ 664 million, as compared to ₹ 423 million in the previous year proves the capability of our team to achieve growth despite experiencing various disruptions to their work.

To endeavour our focus on being an innovative drug delivery solution provider, we spent ₹ 148 million in both revenue expenditure and capital expenditure in Research and Development. The consistent spending of ₹ 152 million in FY 2019-20, ₹ 178 million in FY 2018-19, and ₹ 149 million in FY 2017-18, respectively, ensures us to be abreast with the requirements of the dynamic generic pharmaceutical market.

Growth in High Margin PFI & Formulation (Export)



R&D Expenses and Capitalised



## SPEND RATIONALIZATION AND MITIGATING COVID-19 CHALLENGES

During the year, with various initiatives undertaken to mitigate the risk and challenges faced, we could save 14% in Finance Cost, 4% in Employee Cost including contract employees and about 9% in other expenses, except the commission and freight. The able leadership and

prudent practices in place has successfully averted potentially severe consequences, like premium on the inputs, additional cost due to measures taken for people and product safety and higher freight cost.

## EMPLOYEE WELL BEING

In these challenging circumstances, our people and their safety is our priority. Thanks to the tremendous efforts of our crisis response teams and the disciplined execution of health and safety recommendations, we achieved our priority objective to protect our people. Towards this, we have taken various initiatives to ensure safe and uninterrupted drug delivery solutions during the year.

The experience of the pandemic has underlined the importance of digital technology and digital capabilities, as well as the value of digital revenue. Therefore, we have taken the initiative to maximize the benefits of digitalization in our operations.



## GOING FORWARD

Despite the challenges faced by the industry, we managed to strengthen our financial performance in FY 2020-21. At Zim Laboratories, we have been focused on sustainability for many years – but we are determined to continue to raise our game. The key priorities for the next year are in “Modified Dosage forms and Release”; “Novel Drug delivery platform”, which consist of Oral Thin Film and “Differentiated generics for regulated market”.

We will continue to focus on enhancing the productivity of our teams and build a robust review mechanism to meet ever-growing demands in the generic drugs market. The growth is being fuelled by the expiration of branded drug patents. This is a good opportunity for us as we can leverage on the

expired patents to formulate our own generic drugs that require lower dosage and have reduced side effects, helping us to grow and expand our market not just in India, but also in countries around the world.

Looking at the future, I am confident that our clear corporate strategy will make us a valued partner to the society as the world continues on the long road to recovery from the pandemic.

I thank all our shareholders for their support and understanding in one of the most dynamic years of our journey. I view FY 2022 with optimism, as we proceed with our journey for creating long-term value with diligence and focus.

Best Wishes,

**Shyam Mohan Patro**  
Chief Financial Officer



# Board of Directors



**Dr. Anwar S. Daud**  
Chairman and Managing Director  
(M. Pharm, Ph.D.)

Dr. Anwar S. Daud is an M. Pharm and Ph.D in pharmaceutical chemistry and pharmaceuticals respectively. He began his professional journey in 1981, and returned in 1989 to Nagpur, his home town to fulfill his dream of turning entrepreneur by co-founding ZIM Laboratories.

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

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

**Mr. Zulfiquar Kamal**  
Director - Finance

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



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

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



**Mr. Prakash Sapkal**  
Director - Operations

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



**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.



**Mr. 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.



**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.



**Mr. 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



**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.



# COMPLEX & COMBINATION GENERIC PRODUCTS

## MODIFIED DOSAGE FORM AND RELEASE PATTERN

OUR VISION IS TO MAKE QUALITY HEALTHCARE AFFORDABLE THROUGH DRUG DELIVERY SOLUTIONS FOCUSING ON PATIENT CONVENIENCE AND ADHERENCE. WE STRIVE TO BE IN THE FOREFRONT OF RESEARCH AND DEVELOPMENT AIMING TO MAKE THIS VISION A REALITY



Rising competition in conventional generics and import barriers in customer countries are driving the need for innovative dosage forms or release patterns. This is resulting in a growing market for smarter generics or super generics in terms of convenience, efficacy and treatment adherence. Consequently, over the years, we have been developing our In-House Research and Development (R&D) capabilities that allow us to come up with solutions that enable us to differentiate ourselves from our competitors.

This is done by constantly developing drugs that are effective and can be administered conveniently to patients so that they can easily adhere to their prescribed treatment.

Complex & Combination Generic Products are a type of products through which we differentiate ourselves from the others. These products that are developed by us provide better drug efficacy, lower dosage frequency, improved bio-availability, minimisation of side effects along with increased patient compliance and treatment adherence. This is possible through the modification of their dosage forms and release patterns. Dosage forms such as pellets, capsules, oral suspensions, granules, and tablets are the most common oral dosage forms available. These forms are sometimes hard for certain patients to swallow, making it inconvenient and difficult for them to adhere to their treatment. By modifying them, it is possible to make these drugs easier to swallow for the patients. In fact, by employing innovative technologies such as Oral Thin Films (OTF), this problem can be solved entirely.



Modifying release patterns on drugs are another way to improve patient compliance and treatment adherence. Controlled Release (CR), Extended Release (ER), Sustained Release (SR), and Targeted Release (TR), among other things, are examples of modified release patterns. By controlling the rate of release of drugs while being able to target them towards specific parts of the body, patients do not need to take them as frequently as conventional generics. This solves the problem of over-dosage which can lead to unintended side effects.

The manufacturing process used in these novel drugs can increase value for both the investors and the patients. For the investors, not only can they be developed in lesser time frame with lower investment, they can also provide a unique competitive advantage of increased life cycle and differentiated positioning.

Moreover, unlike conventional generic products, these products provide the potential for developing non-infringing products with IP protection that leads to resistance to fast commodification. This increases the profitability and return on investment of the Company. For patients, use of these drugs provide better drug

efficacy, lower dosage frequency, improved bio-availability, minimisation of side effects and increased patient compliance and treatment adherence.

We are constantly innovating to improve our products to make them the go-to solution for patients. Progress towards this is reflected by our business in the Complex & Combination Generic Products growing more than 3 times over the last three years with 664 products being registered across 52 markets; exporting to over 33 countries. We have entered into agreements with companies for the development of complex and combination generic products and a new drug delivery system. These agreements along with future agreements will help us become one step closer to fulfil our "global aspirations of becoming a preferred partner globally for new drug delivery systems."

We are currently developing products in various therapeutic segments like, Central Nervous System, Anti-Biotic and Anti-Infective, Gastro Intestinal, Cardio Vascular, Analgesic/Pain Management, , Urology and Vitamins, Minerals and Dietary Supplements.

“Innovation of Complex & Combination Generic Products through modification of dosage forms and release patterns are the future for improving patient welfare as well as for the industry. By innovating in this area, we can make our products the go-to solution for patients as well as the preferred partner globally.”



# Differentiated Generic Products

## THE PATH AHEAD

WE BELIEVE THAT INNOVATING ON EXISTING PRODUCTS CAN PROVIDE BETTER EFFICACY, FEATURES, AND PERFORMANCE. THROUGH OUR INDEPENDENT R&D CENTRE RECOGNISED BY THE DSIR, GOVERNMENT OF INDIA, WE HAVE BEEN THE ORIGINATOR OF SEVERAL DIFFERENTIATED GENERICS BASED ON INNOVATIVE PROCESS TECHNOLOGIES.

With the Governments and Regulatory bodies across the world actively searching for alternatives to several innovator therapies and branded products, we at ZIM Laboratories Ltd, believe that the answer to this problem lies in Differentiated Generic Products. By repurposing, re-combining or reformulating the already existing library of generic therapeutic molecules, we can create new and affordable therapeutic solutions that strengthens product pipeline, improves product life cycle or creates branded generics. They have a proven record of safety and efficacy, along with few undesirable properties which could not be addressed in the past.

Differentiated Generic Products are generic therapeutic molecules that have been repurposed, re-combined, or reformulated. They are affordable therapeutic solutions that require lower dosage, have reduced side effects, while at the same time induces better patient compliance and treatment adherence. They give us a competitive advantage for longer price stability and better margins even as the cost of treatment is reduced.

In the coming years, many patents for generic drugs are due to expire. This gives us the opportunity to develop differentiated generic

products using these patents as reference, either by ourselves, or in co-development contracts with other pharmaceutical companies. Our goal is to register and market these differentiated generic products in the EU and across global markets as finished formulations in partnership with leading marketing companies or as Pre-Formulation Intermediaries (PFI) in partnership with other pharmaceutical companies including the developed markets. We have already progressed towards our goal over the years by entering into co-development, production and supply contracts for multiple Combination and Dosage transformation Generic products with several national and international partners. These ongoing contracts include milestone-based delivery and payment schedule.

Under the leadership and guidance of a highly experienced R&D team, we have come up with as many as 24 inventions with 62 patent applications worldwide, out of which 5 patents are already granted. Currently, we have a total of 664 products that are registered, 154 products that are being applied for registration and 284 products that are within pipeline. Our growing portfolio of registered products will augment our sales volumes going forward.

Currently, we are focusing on doing BE Studies on a larger scale to ensure bioequivalence of our formulation products with the approved branded product; facilitating Regulatory Audits of our facilities by respective authorities and other leading global audit agencies and partners; filing product applications for

registration of our differentiated products across markets; and entering into marketing, distribution, brand tie-ups and partnerships which may include joint ventures for development, marketing and distribution of our various products.

“Many growth opportunities await us in the field of Differentiated Generic Products due to the expiry of many patents for Generic Products in the coming years.”



# Management Discussion Analysis

## GLOBAL ECONOMIC OVERVIEW

According to the International Monetary Fund (IMF), the mounting human toll one year after the COVID-19 pandemic continues to raise concerns, even as increasing vaccine coverage improves sentiment. The global economic outlook is clouded by high uncertainty, owing primarily to the pandemic's course. Much work needs to be done to beat back the pandemic and avoid divergence in income per capita across economies and continued rises in inequality within countries. After an estimated contraction of -3.3% in CY 2020, the global economy is projected to grow at 6% in CY 2021, moderating to 4.4% in CY 2022.

More than a year into the arrival of the COVID-19 pandemic, the world's population is gradually being vaccinated, thanks to the discovery and production ingenuity of the global scientific community. Notwithstanding the resurgence of second and third waves, coupled with more infectious variants of the COVID-19 virus, the steady progress in gradual immunisation is expected to lessen the need for social restrictions and power recoveries in many

countries during the latter half of CY 2021. Despite reduced mobility, economies continue to adapt to new ways of working, leading to a stronger-than-anticipated rebound across regions.

The global growth forecast is still uncertain due to factors that are difficult to predict, including the pathway of the pandemic, the intensity and efficacy of containment efforts, supply disruptions, the repercussions of the dramatic tightening in global financial market conditions and shift in spending patterns. Moreover, although recent vaccination drives have raised hopes of a turnaround in the pandemic later this year, renewed waves and new variants of the virus could cause a reassessment of this outlook. The IMF also highlights that the strength of the recovery projected may vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spill overs, and structural characteristics entering the crisis.



## INDIAN ECONOMIC OVERVIEW

Prior to the pandemic of 2020, India had become the world's fifth largest economy as per the IMF. When ranked by nominal GDP, the country had leapfrogged both France and the UK. However, CY 2020 saw unprecedented disruptions to lives and livelihood across the country due to the pandemic and caused a detrimental impact on the economy as well. The pandemic induced challenges into industries and businesses which caused unprecedented output losses in the Asia Pacific Region. Losses varied widely across economies, as a function of stringency and effectiveness of containment policies, dependence on tourism and contact intensive services, and the degree of policy support. Although recovery is now underway, the pandemic is receding in some countries. Elsewhere, second and third waves of infections are raging, notably in India and some of the ASEAN economies.

IMF's World Economic Outlook report published in July 2021 has revised the projected growth rate of India for FY22 published in April 2021. In

it, the estimated degrowth of the Indian Economy in FY21 was revised to 7.3% from 8%. The projected growth rate of the economy for FY22 was also revised to 9.5% from the previous estimate of 12.5%. This reduction of 3% is due to the eruption of a second wave of infections which had forced most states to impose restrictions and micro-lockdowns that have disrupted demand and supply.

The upsurge in new infections, as seen starting mid of February 2021, had bent up the pandemic curve, inducing further restrictions on mobility and a greater sense of urgency in expanding vaccine availability and faster immunisation rollout. While the availability of vaccines, gradually reduced infections, and increased mobility is expected to be key to economic and industrial revival, different industries are expected to likely see different rebound paths until the pandemic is truly over.

## Indian Industry Overview

### Indian Pharmaceutical Sector Overview

The Indian life sciences industries consist of both the private sector and the public sector. They play an important role in the global pharma sector and employ a great pool of scientists with good potential to steer the industry to greater heights.

The Indian pharmaceutical industry provides more than half of the global demand for vaccines, accounting for around 40% of generic

demand in the United States, and around 25% of all medicines in the United Kingdom. India employs the world's second-largest number of people in the pharmaceutical and biotech industries. Indian medicines are shipped to over 200 countries around the world, with the United States being the most prominent market. In terms of production, generic drugs account for around 20% of global exports, rendering the nation the world's largest producer of generic



medicines. In the coming years, it is expected to develop even further.

As per Economic Survey 2019-20, Government expenditure (as a percentage of GDP) increased to 1.6% in FY 2020 from 1.2% in FY 2015 for health. FDI increased to 74% in existing pharmaceutical companies and 100% in new projects. Furthermore, according to IBEF, India plans to set up a nearly ₹ 1 lakh crore (US \$ 1.3 billion) fund to provide a boost to companies to

manufacture pharmaceutical ingredients domestically by CY 2023.

India's pharmaceuticals market has grown in confidence and firmly moved on to an accelerated growth path. Backed by solid fundamentals, the market is giving rise to a variety of business opportunities. Strong intent, investments and actions is expected to underpin future growth and enable the IPM to break into the global top tier.

## Novel Drug Delivery System (NDDS)

The term "Novel Drug Delivery System" (NDDS) refers to methods, formulations, technologies, and systems for safely transporting a pharmaceutical compound in the body as deemed necessary to achieve its desired therapeutic effects. It is a method for delivering drugs that is different from traditional drug delivery systems and consists of a mix of advanced technology and modern dosage forms that are much superior to traditional dosage forms. As per the Global 'Novel Drug Delivery Systems Market' report, the Global Novel Drug Delivery Systems market is valued at US \$26,500 million in 2018 and will reach US \$31,100 million by the end of 2025, growing at a CAGR of 2.0% during 2019-2025.

The pharmaceutical drug delivery industry is segmented into oral, pulmonary, injectable, ocular, nasal, topical, implantable, and

transmucosal drug delivery based on the route of administration. According to Market Research Report<sup>1</sup>, the topical drug delivery market is projected to rise at the fastest CAGR between CY 2020 and CY 2025, owing to the numerous benefits associated with this route of administration, including convenience and ease of use, right dosage to the right place, painless and non-invasive delivery, superior transmissibility, and enhanced patient compliance.

<sup>1</sup><https://www.marketsandmarkets.com/Market-Reports/drug-delivery-technologies-market-1085.html>

## Generics

The generic drugs manufactured in India and supplied worldwide confer safety and quality. India contributes to the second-largest share of the pharmaceutical and biotech workforce in the world. Many leading multinational companies have set bold aspirations for their India businesses, adopted a localised model including dramatic sales force ramp-ups and branded generics launches, and have made major investments in their local organisations. Leading local players have also made significant investments in market creation, developed

differentiated business models and kept the momentum of new product launches.

Drug prices in India are among the lowest in the world driven by intense generics competition. Any further controls on pricing could impair the viability of the industry, reduce investments, and wipe out a vast market opportunity. Policy makers will need to consider measures beyond price control, for example wider health coverage and reimbursement control, to control overall healthcare costs.

## Oral Thin Films (OTF)<sup>1</sup>

According to a report 'Current Overview of Oral Thin Films' published on February 25th, 2021 by the National Center for Biotechnology Information (NCBI), the pharmaceutical industry is on a determined journey to make use of thin films as a new drug delivery system. Oral Thin Films have been described as an alternative approach to conventional dosage forms. They are a versatile platform that provides fast, local, or systemic effects. According to the traditional oral solid dosage types, like tablets, capsules, and other oral forms, have mostly been used for the adult population. However, not everyone is able to swallow medications, hold them, or

consume them in a non-messy way. Special patient groups, such as paediatric, geriatric, dysphagic, mentally ill, and bed-ridden patients, have unique requirements that necessitate an alternative to swallowing. Oral Thin Films (OTF) are the films that dissolve almost instantly when placed on the tongue. These thin films, unlike tablets and capsules, do not require water for administration and, unlike liquids, can be comfortably held in pockets, purses, and wallets. These films are flavor-masked and have high palatability. Being a measured unit, dose uniformity can also be ensured with thin films, which are a problem in the case of liquid

<sup>1</sup>Published online 2021 Feb 25 PMID: PMC7957312; PMID: 33634686 Current Overview of Oral Thin Films Rukiye SEVİNÇ ÖZAKAR<sup>1</sup> and Emrah ÖZAKAR; <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7957312>

medicines. Fast dissolving thin films are not only helpful for the special-need patient population but are also desirable by other groups of patients.

Additionally, these systems can be easily applied by themselves, especially for dysphagia patients, geriatric, pediatric, or bedridden patients, as well as patients who cannot easily access water. Oral Thin Films (OTF) drug delivery systems are a preferable alternative under these conditions. The oral bio availability of many drugs is insufficient due to the enzymes, common first-pass metabolism, and pH of the stomach. Such conventional drugs have been administered parenterally and have shown low patient

compliance. Situations like these have paved the way for the pharmaceutical industry to develop alternative systems for the transportation of drugs by developing Oral Thin Films (OTF), which dissolves in the mouth.

Oral Thin Films (OTF) have recently gained popularity as an alternative to orally dispersible tablets and other traditional orals. The films are designed to dissolve in a few seconds when they come into contact with a wet surface, such as the tongue, allowing the consumer to take the product without the need for additional liquid. This simplicity offers a marketing benefit as well as an improved patient experience.



# Company Overview

## An Innovative Drug Delivery Solution Provider

ZIM Laboratories Limited develops, manufactures and supplies oral, solid differentiated generic pharmaceutical formulations and pre-formulation intermediaries (PFI) in various key therapeutic segments. The Company adopts a partnership business model in which it partners with pharmaceutical marketing and distribution companies that provide solutions for the development for their brand or product exclusivity extensions, sourcing and marketing of pharmaceutical products. In particular, the Company has started the development and supply of unique pharmaceutical products for the Developed Markets through this business partnership model.

The company has in-house R&D to provide various delivery solutions that bring differentiation in generic pharmaceutical products. The Company's delivery solutions are comprehensive and cover product conceptualization product development, filing for registration, manufacture, and supply of various pharmaceutical formulations.

Our Company continues to focus on

differentiated generic products. Its value proposition is the ability to develop complex generic products as well as introduce novel drug delivery techniques, which provide unique therapeutic benefits to the patient and a competitive edge to our partners. The Company strives to bring product differentiation by developing a combination of generic products – for better patient convenience and compliance. Novel drug delivery platforms like the Oral Thin Film (OTF) solutions for serving specific patient groups are developed. Release, targeted release in pellets, capsules, granules, tablets, oral suspensions, etc. are looked at to enhance efficacy and better patient convenience. The Company is focused on catering to key therapeutic segments. its products are focused on therapeutic segments such as Urology, Gastrointestinal, Cardiovascular and Anticoagulants, Antibiotics and Anti-Infectives, NSAID / Pain Analgesics and Vitamins and Supplements. Your Company's products and business initiatives cover several global markets including Europe, Canada and Australia, Latin America, CIS Countries including Russia, Asian countries including SE Asia and South Asia, and MENA, Middle East and Turkey.





## THE COMPANY'S FOCUS ON COMPLEX GENERIC PRODUCTS

Our value proposition is our ability to develop complex generic products as well as introduce novel drug delivery techniques, which provide unique therapeutic benefits to the patient and competitive edge to our partners. We strive to bring product differentiation by developing:

### 1. Modified Dosage Forms and release patterns–

Rising competition in conventional generics and import barriers in customer countries is driving the need for innovative dosage forms or release patterns resulting in smarter generics or super generics in terms of convenience, efficacy and treatment adherence

- These products with unique delivery mechanisms, can be developed in lesser time frame and lower investment but provide unique competitive advantage through increased life cycle, differentiated positioning etc. thereby improving profitability and return on investment.
- New forms and release patterns like sustained release, immediate release, targeted release in pellets, capsules, granules, tablets, oral suspensions etc. to enhance efficacy and better patient convenience lead to better drug efficacy, lower dosage frequency, improved bio-availability, minimisation of side effects and increased patient compliance and treatment adherence.

### 2. Novel drug delivery platforms–

Conventional oral solid dosage forms like tablets and capsules have to be swallowed and that too preferably with water or any other liquid. Swallowing may be a hindrance in drug administration for certain category of patients like children, elderly, mentally challenged, nauseated, mobile and bed ridden patients.

- Oral Thin Film (OTF) provides an alternate, non-obstructive dosage form possessing the advantages of a Tablet or Capsule but with convenience of administration that leads to

treatment adherence.

The technology platform has strong protection through the filing of 30 product process patents, few of which are already granted in various territories like, US, India, Malaysia, Ukraine, Eurasia etc. • Several pharmaceutical and nutraceutical products based on this OTF technology have been developed, registered and commercialized. Various innovative products are under co-development in association with MNCs and leading regional players for registration and commercialization in regulated markets (including Europe and USA).

**3. Differentiated generic products–** We intend to focus on improving existing generic drugs and formulate to obtain lower dosage, reduced side effects, better patient compliance and treatment adherence etc. thereby introducing competitive advantages for longer price stability and better margins even as the cost of treatment is reduced.

- The differentiated generic products that we choose for development will include recent or impending patent expiry, high business upside with sustainable profitability due to technical barriers.
- We plan to develop some of these products by ourselves and some in partnership under Co-Development contracts with pharmaceutical companies.
- Our goal being the registration and marketing of these differentiated generic products in EU and across global markets as Finished Formulations in partnership with leading Marketing Companies or as Pre-Formulation Intermediaries (PFI) in partnership with Pharmaceutical Companies including the Developed Markets.

The Company recorded overall revenue growth of 4.05% (CAGR), of which the export business (PFI & Formulations) grew at a CAGR of 13%, leading to an improvement in gross margins. Moreover, the revenue share of the export business increased from 66.44% to 75%. There was also a conscious reduction in deemed exports and domestic government business.

## Financial Review

### Key Financial Ratios

Key Ratios	FY 2020	FY 2021	Variance (in %)	Reasons for variance of more than 25%
Operating Profit Margin (%)	5.2%	8.5%	62%	Inspite of the economic slowdown due to Covid-19, the company has made a stable progress in revenue by 10.6 % in current year. The improvement in operating profit margin w.r.t. previous year is majorly due to revenue increase coupled with various measures taken to contain the ever increasing cost.
Net Profit Margin (%)	1.2%	2.4%	101%	The strategic initiatives of focusing on improved margin in exports has contributed in overall increase in net profit margin.
Basic EPS	2.03	4.50	122%	The improvement in net profit margin has resulted in increase in EPS for current year.
Interest coverage ratio	1.01	2.41	140%	The combined effect of prudent financial practices which helped the company in reducing the Finance Cost and increase in profitability significantly improved the Interest Coverage Ratio.
Return on Net worth/ Return on Equity (%)	2.2%	4.7%	115%	The better profitability for the year has resulted in improvement in ROE than previous year.
Return on Capital Employed (ROCE) (%)	5.4%	10.8%	101%	The improvement in EBIDTA has provided significant improvement in ROCE.
Current Ratio	1.27	1.35	7%	The prudent practice of Debtors management vis-à-vis revenue improvement has provided significant improvement in Debtors Turnover Ratio.
Debt Equity Ratio	0.58	0.50	-14%	
Debtors Turnover Ratio	3.24	4.17	28%	
Inventory Turnover Ratio	2.57	2.87	12%	

## Market Footprints

Dosage Form	Registered	Applied	Pipeline	Total
Capsules	125	28	41	194
OTF	121	65	62	248
Suspension	20	20	11	51
Tablets	293	59	134	486
PFI	127	18	2	147
Total	686	190	250	1,126

## Export Business

The Company's primary focus is on the export market and has a growing presence in both developing and developed economies. This includes Asia, Africa, Middle East, LATAM and CIS. At ₹ 2312 million, exports contributed 75% to our total revenues of ₹ 3073 million in FY 2021. This has partly offset the significant revenue volatility in the domestic business.

## Strategic Outlook

We intend to be a preferred partner for development, manufacture and supply of generic products with innovative delivery or release mechanisms that provide unique marketing advantage to our customers and better margins. We wish to Leverage on existing product basket and the PFI business to grow our Finished Formulations business in specific therapeutic segments. The Company will increase marketing efforts by adding more partnerships, JVs with local players in new Pharmerging and ROW markets including Developing own branding strategy for Finished formulations.

We also wish to leverage on the Oral Thin Films (OTF) technology for developing nutraceutical, vitamins and other Over the Counter (OTC) pharmaceutical and nutraceutical products for launch in the developed and advanced markets. Our goal being the registration and marketing of these differentiated generic products including nutraceutical products in EU and across global markets as Finished Formulations in partnership with leading Marketing Companies or as Pre-Formulation Intermediaries (PFI) in partnership with Pharmaceutical Companies including the Developed Markets.

## Key Risks and Concerns

### Cyber Security & Data Privacy

Data protection risk is one of the major enterprise risks in the recent time as the attack on a company's IT assets and systems can impact the business sustainability and financial loss as well. The relevance of this risk has been made even more acute due to COVID-19 requiring office-based workforce moving to a work from-home model. The Information security risks have increased significantly because of malicious emails and malware. Critical data is backed up to multiple sites including Microsoft Azure Cloud daily, having Sophus firewall routers and Quick Heal multi-user securities provides an effective solution for mitigating the risk. Continuous employee education campaigns and online certification programs are carried out to foster a cyber-security mindset.

### Risk Of Delays In Approval Of New Product Registrations In Various Markets:

Presence of a large number of players put severe pressure on the price as they compete with each other to gain the volume by reducing the prices of the products. Generic companies try to compensate the loss on account of reduction in prices of existing products by launching the new products in the market which are characterized by relatively less competition. Non-receipt/ significant delay in receipt of approvals for new products from the regulatory authorities can severely affect the growth of the business of the companies. The Company has established a stringent mechanism to review the new product dossiers submitted with the regulatory authorities to ensure quality of such dossiers. The Company has also established a system of providing speedy response to the queries raised by the regulatory authorities on the product dossiers so as to expedite the approvals.

### Covid-19 Impact On Supply Chain

The heavy reliance on China for raw materials, intermediates, and APIs, as well as India for generic drug products, remains a significant concern. Distribution is also affected by disruptions to the global supply chain, as are clinical trials. A high level of ambiguity is expected to remain until the spread of the Covid-19 virus is halted.

In addition to the reduction in manufacturing activity, the pharmaceutical supply chain is being impacted by distribution challenges created by reduced transportation capacity. Disruptions at ports, quarantined crews, and labor shortages

due to lockdowns are all contributing factors. Restrictions on people's movement have also made distribution and shipping difficult, which can impact drug production if an API is made in one country the same must be shipped to another for final formulation.

Reduced air cargo capacity on passenger air flights, on which a large portion of drug products are transported, is another concern. Drug manufacturers must scramble to find alternative options, which generally come at a much higher cost. A survey of generic drug manufacturers conducted in April by the Association for



Accessible Medicines (AAM), which represents generic drug makers, found that travel and transport costs sharply increased by nearly 225% on an average. The long-term implications of the financial impacts of the pandemic on airlines could also be significant.

## INFORMATION AND TECHNOLOGY

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 ERP platform which connects all the aspects of core R&D and manufacturing businesses. This includes QC, QA, Raw Materials Management, Production Planning and Inventory Control, Complex Batch Production Planning having multiple inputs and multiple outputs, HR Management, Accounts & Finance, and Sales & Marketing, among others.

Critical data is backed up to multiple sites including Microsoft Azure Cloud daily. Disaster recovery site has also been setup over the cloud for ensuring data integrity and protection to

comply with US FDA and EU Annex 4 norms.

All major machines and production lines have been upgraded with IOT devices to monitor health, run-time and efficiency. Data generated from IOT devices is being used for better production planning, lesser downtime, and preventive maintenance alerts.

The Company is moving closer to becoming more and more paperless by going digital in all aspects of its business operations. Due to the Covid-19 pandemic, IT team encouraged employees across all levels of the company to learn and adopt collaborative technology tools such as Google E-meetings, Collaborative Google Sheets, Google forms etc.

## HUMAN CAPITAL

The Company, in line with its vision and objectives, continues to strengthen its human capital with the addition of new members at senior levels and upgrading its HR processes to encourage the culture of 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 continued implementation of the Performance Enabling Process has improved the alignment of organizations and individuals so that a part of the remuneration of mid-senior level employees is attached to the performance of the organisation apart from individual performance. Innovation, Collaboration, Execution and Speed continue to be the cornerstones of the Company's working culture to achieve its objectives. Projects like Simplification of Systems and Processes, Process Improvements, Facility Upgradation, Production Planning & inventory management have been started. Apart from this, such performance-focused initiatives are helping in retaining the top talents. The company

launched peer to peer appreciation program called "Joy of Giving" to encourage culture of appreciation & for increasing team cohesiveness.

Proactive measures were undertaken by the company to avoid spread of COVID -19 and regular online awareness campaigns were conducted for safety of employees. As a result of the above measures, employees those who got infected 90% infected employee recovered faster by home quarantine only.

Company supported families of demised employees by paying an amount equivalent to 1 years' salary to their families & also assured employment to the eligible family member of the demised employee.

The company has effectively recognized the employees who have contributed beyond their call of duty. As of March 31, 2021, the Company had 494 (staff) employees on its rolls, compared to 518 (staff) employees as of March 31, 2020.





## INTERNAL CONTROL SYSTEM AND 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 internal control framework aims to assure that the 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 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 scrutinizes critical audit areas, based on audit plans that are approved by the Audit Committee. The plans are formulated based on a risk evaluation exercise to assess relatively riskier areas. Significant Internal Audit findings are periodically reviewed by Management and Audit Committee and corrective action plans suggested by them are implemented by the respective process owner of the business units and thereby strengthen the Internal Control.

### Opportunities and Threats

#### a) Opportunities:

i) Expiry of patents in the coming years: Several originator therapeutic molecules are coming off patent in the next few years. These molecules can be used to develop differentiated products that are affordable therapeutic solutions that require lower dosage, have

reduced side effects, while at the same time induces better patient compliance and treatment adherence. This provides potential for tie up with clients for supply of differentiated PFIs for the Pharmerging and Developed Markets.

ii) Increased focus in the Healthcare sector at various levels by the governments across the world:

The increased focus in the Healthcare sector at various levels by the governments across the world will extend ample opportunities for market growth and penetration. The company, being at the forefront of innovation in the industry stands to benefit from possible initiatives introduced by them.

#### b) Threats:

i) Increased competition in generic drug market: Increased competition will drive the various competitors to lower the prices of their products thereby lowering the margins that can be earned in the business. Further controls on pricing could impair the viability, of the industry, reduce investments, and wipe out a vast market opportunity.

ii) Keeping up with technology:

Technology has been rapidly changing in the past few decades. A lot of investments are required to not only keep up with the changing technology, but also be at the forefront of adopting innovative ones. Towards the end, machines need to be updated and the staff needs to be trained to use them.

## CAUTIONARY STATEMENT

The document contains statements about expected future events, financial and operating results of ZIM Laboratories Limited and maybe construed as forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements will not prove to be accurate. Readers are cautioned not

to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of ZIM Laboratories Limited's Annual Report of FY 2021.

### Supply of Medical Equipments to Covid Centers & Hospital - Kalmeshwar, Nagpur



### Installation of Green Gym - Village Khapri



### Women's Day Celebration





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 the Companies (Accounts) Rules, 2014 in respect of year ended 31.03.2021 as follows :-

a) Number of Meetings of the Board : 08

b) Directors’ Responsibility Statement:-

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

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

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

The Company has received necessary declarations from each Independent Director under section 149 (7) of the Companies Act, 2013 and Regulation 25 (8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

d) Nomination and Remuneration Policy:-

The Composition of Nomination and Remuneration Committee is as follows:

- i) Dr. V. V. Parashar – Chairman.
- ii) Dr. Naresh Gaikwad
- iii) Mrs. Kavita Loya
- iv) Dr. Anwar Siraj Daud, Chairman of the Board.

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

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

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

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

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

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

During the year, no transaction with related parties conflicted with the interests of the Company. All transactions entered into

by the Company with related parties during the financial year were in the ordinary course of business and at an arm’s length basis. Statements of transactions with related parties are periodically placed before the Audit Committee and are approved by the committee. Particulars of contracts or arrangements with related parties referred to in Section 188 (1) of the Companies Act, 2013, in the prescribed Form AOC – 2, is appended herewith as Annexure IV to the Board’s Report.

h) Annual Return:

The Annual Return of the Company as on 31st March, 2021 in Form MGT - 7 in accordance with Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, is available on the website of the Company at [https://www.zimlab.in/annual\\_reports/](https://www.zimlab.in/annual_reports/)

i) The state of Company’s affairs:-

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

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

k) The amount of dividend payment recommended : NIL

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

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

A. 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:
  - Old utility piping has been upgraded for better efficiency in steam and compressed air distribution
  - For ensuring optimum temperature and having a tangible savings in utility cost, temperature controllers have been installed in core areas.
  - Electrical light fixtures have been changed to LED/Induction fixtures.
  - Lights have been converted to day-night sensors for auto ON/OFF.
- (ii) The steps taken by the Company for utilizing alternate sources of energy: The warehouse have been shifted to an on-grid solar system in place of conventional power source from MSEB.
- (iii) The capital investment on energy conservation equipments: ₹ 36.10 Lakhs

B. Technology Absorption: -

- i) The efforts made towards technology absorption:
  - 1) An automatic cartonator machine has been installed which will improve the quality and yield on secondary packing.
  - 2) Extruder and Spheroniser have been installed for improvement in pellet manufacturing.
  - 3) Tablet and Capsule inspection machine added for better quality of output.
  - 4) The inclusion of Fluid Bed Processor (from Glatt) will significantly improve the process timing which will improve the yield of the products.

- 5) The Company has filed the regulatory dossier for approval of Rizatriptan orally dissolving film in Europe. Rizatriptan orally dissolving film is a product developed using our Thinoral® technology which yields instantly wettable, rapidly dissolving, and stable films. The product is used in the treatment of migraine which is invariably associated with symptoms like nausea and vomiting.
- 1) Offers basket of products under various therapeutic classes. Many products are in the pipeline for future introduction in emerging and regulated market.
- 2) To maintain the relevance and provide value addition to our existing clients, ZIM products are evaluated against the innovator product's analytical data package, stability data package and clinical data package.
- 3) Offers technologically advanced differentiated products which are convenient and safe for administration to patients.
- 4) To mitigate the risk of sourcing API for top selling products, initiatives on alternate vendor qualification were also undertaken during the year.
- 5) Continuous alternate vendor development process is in place was initiated to mitigate cost fluctuations, risk of uninterrupted supply and the risk of sourcing API and excipients for top products.

ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):

- a. The details of technology imported : Cartonator for Secondary Packing of the products.
- b. The year of import : FY 2019-20
- c. Whether the technology has been fully absorbed : Yes
- d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof : Not applicable
- iv) The expenditure incurred on Research and Development : Revenue expenses ₹1386.65 lakhs  
Capital expenses ₹ 92.84 lakhs

**C) Foreign Exchange earnings and outgo :**

- i) Foreign exchange earned during the year : ₹ 21,397.53 Lakhs
- ii) Expenditure in foreign exchange : ₹ 1,274.44 Lakhs

**n) Risk Management Policy :**

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

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

The Composition of Corporate Social responsibility Committee is as follows :

- (i) Mr. Suprakash Chakravarty – Chairman.
- (ii) Mr. Padmakar Joshi
- (iii) Dr. Anwar Daud
- (iv) Mr. Zulfiquar Kamal

**The policy approved by the Board is as follows:-**

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

Annual Report on CSR Activities is annexed as Annexure – I to the Board Report.

**P) Board Evaluation**

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

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

**q) Financial Highlights**

Particulars	Standalone		Consolidated	
	FY 2021	FY 2020	FY 2021	FY 2020
Revenue	30,362.94	27,431.97	30,726.33	27,773.92
Other Income	244.90	465.65	233.69	452.08
Total Income	30,607.84	27,897.62	30,960.02	28,226.00
Operating expenditures	26,681.81	25,453.76	26,750.10	25,512.53
Profit before interest, depreciation and tax	3,926.03	2,443.86	4,209.92	2,713.47
Less : Finance costs	1,088.56	1,265.45	1,089.82	1,265.45
Depreciation and amortisation	1,461.38	1,327.15	1,578.90	1,441.16
Profit/ (Loss) before exceptional item and tax	1,376.09	(148.74)	1,541.20	6.86
Exceptional Items- loss	(518.08)	-	(518.08)	-
Profit/(Loss) before tax	858.01	(148.74)	1,023.12	6.86
Tax expense	296.39	(322.80)	291.37	(322.80)
Profit/(Loss) after tax	561.62	174.06	731.75	329.66
Opening balance in Retained Earnings	9,352.38	9,253.79	9,506.56	9,252.37
Less : Adjustment towards lease payments	-	3.63	-	3.63
Add : Adjustment towards fair value of ESOP	-	52.65	-	52.65
Profit available for appropriation	9,914.00	9,476.87	10,238.31	9,631.05
Less : Appropriations	-	-	-	-
Dividend	-	80.90	-	80.90
Dividend distribution tax	-	16.63	-	16.63
Transfer from other comprehensive income	38.50	26.96	38.50	26.96
Closing balance in Retained Earnings	9,875.50	9,352.38	10,199.81	9,506.56



- r) **Change in nature of business if any.** : NIL
- s) **The details of Directors or Key Managerial Personnel who were appointed or have resigned during the year** : NIL
- t) **Names of Companies which have become its subsidiaries, during the year:** NIL
- u) **Details relating to deposits covered under Chapter V of the Act.** : NIL
- v) **The details of deposits which are not in compliance with the requirements of Chapter V of the Act.** : Company has not accepted any deposits during the year.
- w) **The details of significant and material orders passed by the regulators or courts or tribunals impact the going concern status and Company's operations in future.** : NIL
- x) **The details in respect of adequacy of internal financial controls with reference to the financial statements.:** The details are separately covered under Management Discussion & Analysis Report which form part of the Annual Report.
- y) **Details of Employee Stock Option Scheme as on 31.03.2021**

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

i) Option Granted	: 1,83,665
ii) Option vested	: 1,83,665
iii) Option Exercised	: 1,83,665
iv) The total number of shares arising as a result of exercise of option	: 1,83,665
v) Option Lapsed	: NIL
vi) The exercise price	: ₹ 10/-
vii) Variation of terms of options	: NIL
viii) Money realised by exercise of option	: ₹ 18,36,650.00
ix) Total number of options in force	: NIL

**z) Report on performance and financial position of wholly-owned subsidiaries viz :**

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

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

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

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

The following is the summary of sexual harassment complaints received and disposed off during the year 2020-21.

No. of complaints received	: NIL
No. of complaints disposed off	: NIL

**(ab) 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.

**(ac)** In compliance with Regulation 34 read with Schedule V of the Listing Regulations, a Report on Corporate Governance for the year under review is annexed as Annexure V to this report.

**(ad)** The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2021 is annexed as Annexure II to this report.

**(ae) Particulars of Employees and Related Disclosures**

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

**(af) Acknowledgements**

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

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

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

**Place:** Nagpur  
**Date:** 06.09.2021

**(Anwar Siraj Daud)**  
**Chairman**  
**DIN: 00023529**

# Annexure – I

## The Annual Report on CSR Activities for the Financial Year 2020-21.

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

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

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

### 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Suprakash Chakravarty	Chairman	1	1
2	Mr. Padmakar S. Joshi	Member	1	1
3	Dr. Anwar Siraj Daud	Member	1	1
4	Mr. Zulfiquar M. Kamal	Member	1	1

- The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company - <https://www.zimlab.in/policies/>
- The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014 : Not Applicable
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any : Not Applicable
- Average net profit of the company as per section 135(5). : ₹ 1334.33 Lakhs
  - Two percent of average net profit of the company as per section 135(5) : ₹ 26.69 Lakhs
  - Surplus arising out of the CSR projects or programmes or activities of the previous financial years. : NIL
  - Amount required to be set off for the financial year, if any : NIL
  - Total CSR obligation for the financial year (7a+7b-7c). : ₹ 26.69 Lakhs
- (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)*				
	Total Amount transferred to Unspent CSR Account as per section 135 (6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135 (5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
₹ 23.10 Lakhs	-	-	-	-	-

Note:

(\*) As per section 135(5) of the Companies Act, 2013, the unspent amount of the Company as on March 31, 2021 shall be transferred to a fund specified under Schedule VII of the Act within 6 months from the end of F.Y. 2020-21. Accordingly, the unspent amount will be transferred to the fund specified under schedule VII within 6 months from the end of the financial year 2020-21.

(b) Details of CSR amount spent against ongoing projects for the financial year: Not Applicable

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.	Amount spent for the project (in ₹).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State. District.			Name.	CSR registration number.
1.	Ration Kit Distribution	Clause (xii) disaster management, including relief, rehabilitation and reconstruction activities.	Yes	State: Maharashtra Dist.: Nagpur	25,000	Yes	-	-
2.	Distribution of Ration Kits	Clause (xii) disaster management, including relief, rehabilitation and reconstruction activities.	Yes	State: Maharashtra Dist.: Nagpur	4,75,000	Yes	-	-
3.	Scholarship for economically poor meritorious students of Gurunank College of Pharmacy.	Clause II Promoting Education	Yes	State: Maharashtra Dist.: Nagpur	4,82,000	No	Sikh Education Society	-
4.	Millat School and Welfare Association	Clause II Promoting Education	Yes	State: Maharashtra Dist.: Nagpur	1,00,000	No	Millat School and Welfare Association	-
5.	Financial assistance for purchase of semi-automatic machine for manufacturing of sanitary napkins.	Clause (i) promoting health care including preventive health care	No	State: Maharashtra Dist.: Gadchiroli	1,90,622	No	Ekatmik Adivasi Vikas Prkalp	-
6.	Setting up of an Outdoor Green Gym	Clause (i) promoting health care including preventive health care	Yes	State: Maharashtra Dist.: Nagpur	2,76,568	Yes	-	-
7.	PHC and Covid Centre kalmeshwar	Clause (i) promoting health care including preventive health care	Yes	State: Maharashtra Dist.: Nagpur	7,61,207	Yes	-	-
<b>Total</b>					<b>23,10,397</b>			



Annexure – II

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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

To,  
The Members,  
**ZIM Laboratories Limited**

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

Based on my verification of the company’s books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to me and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the Covid-19 pandemic, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2021 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, 2021 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 and Overseas Direct Investment;
- (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, 2018; Not Applicable for the period under review
- (d) The Securities and Exchange Board of India (Share Based Employee benefits) Regulations, 2014 ;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable for the period under review
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and Not Applicable for the period under review
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable for the period under review
- (i) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015

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

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

- a) Drugs and Cosmetics Act, 1940 and Drugs and Cosmetic Rules, 1945.
- b) Drugs and Magic Remedies (Objectional Advertisement) Act, 1945.
- c) Narcotic Drugs and Psychotropic Substances Act, 1985.
- d) Drugs (Price Control) order 1995 (Under the essential Commodities Act)

- (d) Amount spent in Administrative Overheads : NIL
- (e) Amount spent on Impact Assessment, if applicable : NIL
- (f) Total amount spent for the Financial Year (7b+7c+7d+7e) : ₹ 23.10 Lakhs
- (g) Excess amount for set off, if any : NIL

8. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
Not Applicable							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

9. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Not Applicable
10. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). : The Company could not identify a suitable proposal for CSR Activities for the balance amount and therefore, ₹ 3.59 Lakhs could not be spent during the year.

Place: Nagpur  
Date : 06.09.2021

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

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

ANNEXURE-1 To the Secretarial Audit Report of Zim Laboratories Limited for Year Ended March 31, 2021.

To,  
The Members,  
**ZIM Laboratories Limited.**

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records based on my audit. Due to Lockdown on account of the continuing Covid-19 pandemic, I was not able to receive, physically examine and verify certain information. However, in such cases, I have taken declaration from the management regarding the said compliances.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices I followed, provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the management representation letter about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Nagpur  
Date: 18.08.2021

(CS Roshni Jethani)  
Practicing Company Secretary  
Membership No. 48849  
COP No. 17722  
UDIN: A048849C000799247

e) Food Safety and Standards Act, 2006

I have also examined compliance with Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

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

During my audit period it was observed from the records of the company that there is delay in compliance with the provision of Section 124 of the Companies Act, 2013 with respect to transfer of shares to IEPF account on which dividend for consecutive seven years was unpaid/unclaimed and transfer of unpaid/unclaimed dividend to IEPF account for the Base year 2011-12 and 2012-13. Subsequently, the shares were transferred to IEPF account in November, 2020 and the amount of unclaimed dividend was transferred to IEPF account in May, 2021 for the base year 2011-12 and the shares and unclaimed dividend for base year 2012-13 was transferred to IEPF account in April, 2021.

I further report that :

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

I further report that during the Financial Year, following event/action was taken up by the company :

Company has allotted 61,216 Equity shares to employees of the company on exercising options under ZIM Laboratories Limited Employee Stock Option Scheme, 2015.

The above equity shares were listed on the Stock Exchange, where the existing equity shares are listed.

Upon allotment of the above equity shares, the Issued, Subscribed and Paid-up equity share capital of the Company stands increased to ₹ 16,24,19,380/- (Rupees Sixteen Crores Twenty Four Lakhs Nineteen thousand Three Hundred Eighty only) divided into 1,62,41,938 (One Crore Sixty Two Lakh Forty One Thousand Nine Thirty Eight) Equity shares of ₹ 10 (Rupees Ten Only) each.

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 (CS Roshni Jethani)  
Date: 18.08.2021 Practicing Company Secretary  
Membership No. 48849  
COP No. 17722  
UDIN: A048849C000799247



Annexure – III

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 Obligations and Disclosure Requirements) Regulations, 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 have 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 reappointment shall be made earlier than one year before the expiry of term, and which shall be done with the approval of the shareholders of the Company.
- Independent Director - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board’s report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

Evaluation

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

Removal

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

Annexure – IV

Form No. AOC-2

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 Directors, 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 there under would prevail over the Policy.

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

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

1. Details of contracts or arrangements or transactions not at arm’s length basis: The Company has not entered into any contract/ arrangement/transaction with its related parties, which is not in ordinary course of business or at arm’s length during F.Y. 2020-21. The Company has laid down policies and processes/procedures to ensure compliance to the subject section in the Companies Act, 2013 (Act) and the corresponding Rules. In addition, the process goes through internal checking, followed by quarterly reporting to the Audit Committee.
- |   |                  |
|---|------------------|
| (a) Name(s) of the related party and nature of relationship   | : Not Applicable |
| (b) Nature of contracts/arrangements/transactions   | : Not Applicable |
| (c) Duration of the contracts/arrangements/transactions   | : Not Applicable |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any                        | : Not Applicable |
| (e) Justification for entering into such contracts or arrangements or transactions                                    | : Not Applicable |
| (f) Date(s) of approval by the Board  | : Not Applicable |
| (g) Amount paid as advances, if any   | : Not Applicable |
| (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188 | : Not Applicable |
2. Details of material contracts or arrangements or transactions at arm’s length basis
- |  |                  |
|--|------------------|
| (a) Name(s) of the related party and nature of relationship                                    | : Not Applicable |
| (b) Nature of contracts/arrangements/transactions  | : Not Applicable |
| (c) Duration of the contracts/arrangements/transactions  | : Not Applicable |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any | : Not Applicable |
| (e) Date(s) of approval by the Board, if any   | : Not Applicable |
| (f) Amount paid as advances, if any  | : Not Applicable |

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



# Annexure - V

## CORPORATE GOVERNANCE REPORT

### 1. Company’s philosophy on code of governance :-

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

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

### 2. Board of Directors :

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

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

ii) Eight Board Meetings were held during the year on 04.05.2020, 02.06.2020, 11.07.2020, 04.08.2020, 05.09.2020, 26.10.2020, 29.01.2021, 11.02.2021 and 36th Annual General Meeting was held on 30.09.2020.

iii) The attendance, number of meetings attended and their directorship in other public companies of the Board of Directors as on 31.03.2021 are as under:

Name	No. of Board meeting held	No. of Board Meeting Attended	Whether attended last AGM held on 30.09.2020	No. of directorship in other public limited companies	Committee positions in other companies		Directorship in other listed entity (Category of Directorship)
					Chairman	Member	
Dr. Anwar Siraj Daud, Chairman	8	8	Yes	1	N.A.	N.A.	NIL
Mr. Zulfiquar M. Kamal	8	7	Yes	1	N.A.	N.A.	NIL
Mr. Riaz Ahmed Kamal	8	8	Yes	N.A.	N.A.	N.A.	NIL
Mr. Prakash Sapkal	8	7	Yes	N.A.	N.A.	N.A.	NIL
Mr. Niraj Dhadiwal	8	8	Yes	N.A.	N.A.	N.A.	NIL
Dr. Veerendra Parashar	8	7	Yes	N.A.	N.A.	N.A.	NIL
Dr. Naresh Gaikwad	8	8	Yes	N.A.	N.A.	N.A.	NIL
Mr. Suprakash Chakravarty	8	8	Yes	N.A.	N.A.	N.A.	NIL
Ms. Kavita Loya	8	8	Yes	N.A.	N.A.	N.A.	NIL
Mr. Padmakar S. Joshi	8	8	Yes	N.A.	N.A.	N.A.	NIL

iv) No Director is a relative of another Director.

v) Number of shares held by Non-Executive Director

Sr. No.	Name of Non-Executive Director	No. of shares held
1	Dr. Naresh Gaikwad	400
2	Dr. Veerendra Parashar	800

vi) The Company has not issued any convertible instruments.

vii) The details of familiarization programme imparted to Independent directors is disclosed on the website of the company at <https://www.zimlab.in/blog/wp-content/uploads/2020/07/Independent-Directors-Familiarisation-programme.pdf>

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

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

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

Skills / Area of Expertise	Name of the Directors of the Company									
	Dr. Anwar Siraj Daud	Mr. Zulfiquar M. Kamal	Mr. Riaz Ahmed Kamal	Mr. Prakash Sapkal	Mr. Niraj Dhadiwal	Dr. Veerendra Parashar	Dr. Naresh Gaikwad	Mr. Suprakash Chakravarty	Ms. Kavita Loya	Mr. Padmakar S. Joshi
Global Business	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strategy and Planning	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry Experience	Yes	Yes	Yes	Yes	Yes	Yes	Yes			
Finance & Accounts	Yes	Yes							Yes	Yes
Corporate Governance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
General Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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

### 3. Audit Committee

(i) Brief description of terms of reference:

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

(ii) Composition :

The composition of Audit Committee is as follows:-

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

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

During the year ended 31st March 2021 the Audit Committee meetings were held on 02.06.2020, 11.07.2020, 04.08.2020, 26.10.2020 and 11.02.2021.

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

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

### 4. Nomination & Remuneration Committee:

(i) Brief description of terms of reference :

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

(ii) Composition :

The composition of Nomination & Remuneration Committee is as follows:

1.	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, 2021, the Nomination & Remuneration Committee meeting was held on 11.07.2020 and 29.01.2021.

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

Performance evaluation criteria for Independent Directors:

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

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

### 5. Remuneration of Directors :

- (i) Remuneration Policy: Your Company has a well-defined policy for remuneration of the Directors, Key Management Personnel and other Employees. The policy is furnished as Annexure III to the Board’s Report which also includes criteria for making payment to non-executive directors. The policy is available on the website and the weblink for the same is <https://www.zimlab.in/policies/>

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

Sr. No.	Name of Director	Remuneration paid in F.Y. 2020-21 (₹ In Lakhs)
1	Dr. Naresh Gaikwad	1.00
2	Dr. Veerendra Parashar	1.00
3	Mr. Suprakash Chakravarty	1.00
4	Mrs. Kavita Loya	6.00
5	Mr. Padmakar Joshi	1.00



(iii) Details of Sitting Fees :

The Directors are not paid any Sitting Fee.

(iv) Remuneration to Executive Directors :

(₹ in Lakhs)

Sr. No.	Name of Director	Remuneration paid in F.Y. 2020-21	Stock Option	Performance Linked Incentive	Total Remuneration
1	Dr. Anwar S. Daud	105.00	-	05.00	110.00
2	Mr. Riazahmed K. Kamal	24.00	-	02.50	26.50
3	Mr. Zulfiquar M. Kamal	68.75	-	05.00	73.75
4	Mr. Niraj Dhadiwal	53.83		05.00	58.83
5	Mr. Prakash Sapkal	52.83		05.00	57.83

Notes:

- Dr. Anwar S. Daud has received remuneration of ₹ 14,53,080/-, equivalent to 72,000 AED from Wholly Owned Subsidiary “ZIM Laboratories Limited FZE” for the F.Y. 2020-21.
- The performance linked incentive for F.Y. 2019-20 was paid in F.Y. 2020-21 after evaluation of performance of directors.

(v) Details of Stock Option to Directors

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

**6. Stakeholder’s Relationship Committee:**

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

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

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

During the year ended 31st March, 2021, Stakeholder’s Relationship Committee meeting was held on 11.02.2021.

Sr. No.	Name of the Committee Member	Committee meetings		Attendance at the last Annual General Meeting
		Held during Tenure	Attended	
1	Dr. Naresh Gaikwad , Chairman	1	1	Yes
2	Mr. Padmakar Joshi	1	1	Yes
3	Dr. Anwar S. Daud	1	1	Yes

**Name and designation of Compliance Officer:**

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

**Status of Shareholders’ complaints:**

During the year no complaint was received from any shareholder which required Committee’s consideration. There is no complaint pending for redressal.

**7. Corporate Social Responsibility Committee :**

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

Sr. No.	Name of Director	
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 Companies Act, 2013 (the Act) and inter-alia includes the following:

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

**8. General Body Meetings :**

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

AGM for the period/ year ended	Venue	Date	Time	Special Resolution Passed
36th AGM for the year ended March 31, 2020	Video Conferencing (VC)/ Other Audio- Visual Means (OAVM)	30.09.2020	11:00 a.m.	Two Special Resolutions were passed
35th AGM for the year ended March 31, 2019	Chitnavis Centre, 56, Temple Road, Civil Lines, Nagpur - 440 001	30.09.2019	11:30 a.m.	No special Resolution was passed.
34th AGM for the year ended March 31, 2018	Chitnavis Centre, 56, Temple Road, Civil Lines, Nagpur - 440 001	21.09.2018	11:30 a.m.	One Special Resolution was passed

**9. Means of Communication :**

- Results: The quarterly, half-yearly and annual financial results of the Company are published in leading newspapers in India which include The Indian Express, Financial Express and Loksatta. The results are also displayed on the Company’s website at www.zimlab.in. Financial Results, statutory Notices, Press Releases and Presentations made to the institutional investors/analysts after the declaration of the quarterly, half-yearly and annual results are submitted to the BSE Limited (BSE) as well as uploaded on the Company’s website.
- BSE’s Corporate Compliance and Listing Centre (‘Listing Centre’): BSE’s Listing centre is a web-based application designed for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases are electronically filed on the Listing Centre.

## 10. Disclosures :

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

No materially significant related party transaction took place during the year ended 31st March, 2021. All transactions entered with the related parties during the year ended 31st March 2021 as mentioned under the Companies Act, 2013, and Regulation 23 and 27(2)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were in the ordinary course of business and on arm's length basis.

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

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

- (iii) Whistle Blower Policy :

The Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is implemented through the Company's Whistle Blower Policy to enable the Directors, employees and all stakeholders of the Company to report genuine concerns, to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee.

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

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

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

- (v) Policy on determining 'material' subsidiaries is disclosed on website of the company at <https://www.zimlab.in/policies/>

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

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

- (viii) Walker Chandiok & Co. LLP Chartered Accountants (Firm Registration No.001076N/N500013) has been appointed as the Statutory Auditor of the Company. The particulars of payment of Statutory Auditors' fees for all the services provided by them, on consolidated basis is : ₹51.07 Lakhs.

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

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

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

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

Dr. Anwar Siraj. Daud, Managing Director, Mr. Zulfiqar Murtaza Kamal, Director (Finance) and Mr. Shyam Mohan Patro, Chief Financial Officer of the Company have furnished to the Board, the requisite Compliance Certificate under Regulation 17 (8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31.03.2021.

## 11. General Shareholder information:

i.	AGM: Date, time and venue	The 37 <sup>th</sup> Annual General Meeting of the Company is scheduled to be held on 30.09.2021 at 12:30 p.m. Deemed venue : Sadoday Gyan (Ground Floor), Opp. NADT, Nelson Square, Nagpur – 440013. (Registered Office)
ii.	Financial Year	01 <sup>st</sup> April 2020 - 31 <sup>st</sup> March 2021
iii.	Dividend Payment Date	Not applicable
iv.	Listed on stock exchange	BSE Limited, Listing fees as applicable has been paid.
v.	Stock Code	541400
vi.	ISIN Code	INE518E01015
vii.	Registrar and Share Transfer Agent	Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083 Tel No : +91 22 49186000 Email Id: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>

### Share Transfer System:

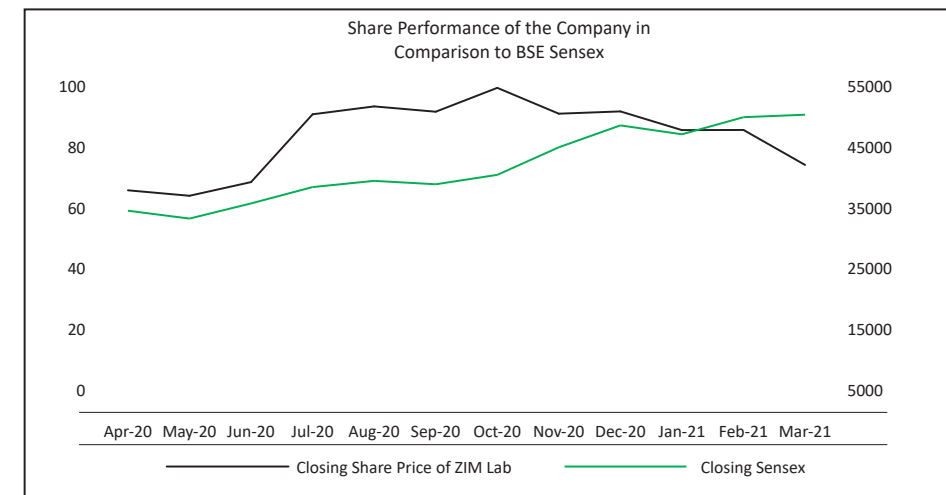
Shares of the company are traded compulsorily in dematerialised form and are transferable through depository system.

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

### Market Price Data of the Company's shares traded on BSE Limited during the FY 2020-21

Month	High	Low
April,2020	85.20	52.85
May,2020	68.80	55.05
June,2020	86.90	60.05
July,2020	103.95	66.15
August,2020	131.45	83.10
September,2020	96.80	86.00
October,2020	108.35	80.60
November,2020	97.00	86.05
December,2020	104.90	82.25
January,2021	98.00	81.10
February,2021	101.55	71.00
March,2021	86.00	68.60

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





**Distribution of Shareholding pattern as on 31.03.2021**

Nominal Value of Shareholding	No. of Shareholders	% of Shareholders	Total Shares	% of Share
Upto 500	4137	88.5678	6,92,746	4.27
501 – 1000	289	6.1871	2,22,851	1.37
1001 – 2000	114	2.4406	1,72,483	1.06
2001 – 3000	45	0.9634	1,06,709	0.66
3001 – 4000	13	0.2783	46,800	0.29
4001 – 5000	6	0.1285	27,753	0.17
5001 – 10000	30	0.6423	2,56,750	1.58
10001 and above	37	0.7921	1,47,15,846	90.60
<b>Total</b>	<b>4671</b>	<b>100.0000</b>	<b>1,62,41,938</b>	<b>100.00</b>

**Shareholding pattern as on 31.03.2021 of equity shares as per Regulation 31 of SEBI (Listing Obligations & Disclosure Requirement) Regulation, 2015.**

Category	No. of Shares	Percentage
Promoter & Promoter Group	5,402,660	33.26
Other Bodies Corporate	8,56,415	5.27
Non-Resident Indians	4,12,795	2.54
Foreign Individuals	4,31,736	2.66
Foreign Company	35,65,304	21.95
Public	55,73,028	34.32
<b>Total</b>	<b>1,62,41,938</b>	<b>100.00</b>

**Dematerialisation of shares :**

Category	No. of Shares	Percentage
In NSDL	1,43,83,670	88.56
In CDSL	4,45,482	2.74
In Physical form	14,12,786	8.70
<b>Total</b>	<b>162,41,938</b>	<b>100.00</b>

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

**Dematerialization of shares and liquidity:**

The Company's shares are compulsorily traded in dematerialized form on BSE. Equity shares of the Company representing 91.30 percent of the Company's equity share capital are dematerialized as on 31st March 2021.

**Foreign exchange risk and hedging activities :**

Being an exporter, the company earns about 75% of the revenue from the Exports to various markets across the world. As a process, the exchanges are received in the EEFC account maintained at the scheduled bank. The Imports are being financed through the available balances in the EEFC account.

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

This referred process provides a natural hedge to the company.

**Credit Ratings:** The Credit rating agency Acuite Ratings & Research Limited has assigned credit rating ACUITE BB + (Outlook: Stable ) to the long term borrowing and ACUITE A4+ for Short Term borrowing of the company.

**Plant locations :**

B-21/22, MIDC Area, KALMESHVAR-441 501 Dist. Nagpur (MS)

PH. : 091-07118-271370 /271990

FAX : 091-07118-271470 / 271780

E-mail :bdd01@zimlab.in

**Address for correspondence: Registered Office :**

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

**For Share Transfer matters :**

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

**For any other matter:**

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 2020-21

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

**Place :** Nagpur  
**Dated :** 06.09.2021

**(Anwar S. Daud)**  
**Chairman**  
**DIN : 00023529**

## CEO AND CFO COMPLIANCE CERTIFICATE

To  
The Board of Directors of  
ZIM Laboratories Limited

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

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

**(Anwar Siraj Daud)**  
Managing Director  
DIN : 00023529

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

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

**Place :** Nagpur  
**Date :** 29.05.2021

## CERTIFICATE ON CORPORATE GOVERNANCE

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

1. I have examined the compliance of conditions of corporate governance by ZIM Laboratories Limited (the 'Company') for the year ended 31 March 2021, 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 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, 2021.
5. I further state that such compliance is neither an assurance as to future viability of the company nor the efficiency and effectiveness with which the management has conducted the affairs of the company.

### Restrictions on use

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

(CS Roshni Jethani)  
Practicing Company Secretary  
Membership No. 48849  
COP No. 17722  
UDIN: A048849C000679578

**Place:** Nagpur  
**Date:** 23.07.2021



## ANNEXURE - VI

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In my opinion and to the best of my information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	DIN	Name of Director	Date of appointment
1	00023529	Anwar Siraj Daud	01/04/2009
2	00023562	Riaz Ahmed Kikabhai Kamal	01/01/1998
3	01786763	Zulfiqar Murtaza Kamal	19/10/2012
4	02007385	Prakash Pralhadrao Sapkal	22/11/2013
5	02007428	Niraj Pukhraj Dhadiwal	22/11/2013
6	02185462	Naresh Janardan Gaikwad	03/03/2010
7	02456416	Veerendra Vinaykumar Parashar	19/07/2008
8	03010382	Suprakash Shivamoy Chakravarty	19/10/2012
9	07943519	Kavita Loya	21/09/2017
10	07944709	Padmakar Shrinivas Joshi	21/09/2017

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

(CS Roshni Jethani)  
Practicing Company Secretary  
Membership No. 48849  
COP No. 17722  
UDIN : A048849C000679567

Place: Nagpur  
Date: 23.07.2021

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

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

Name of Director	Ratio with median remuneration
Dr. Anwar Daud	29.90
Mr. Zulfiqar Kamal	20.05
Mr. Riaz Kamal	7.20
Mr. Niraj Dhadiwal	15.99
Mr. Prakash Sapkal	15.72
Dr. V.V. Parashar	0.27
Dr. Naresh Gaikwad	0.27
Mr. Suprakash Chakravathy	0.27
Ms. Kavita Loya	1.63
Mr. Padmakar Joshi	0.27

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

Particulars	% increase in Remuneration
Dr. Anwar Daud	10.00
Mr. Zulfiqar Kamal	13.46
Mr. Riaz Kamal	10.42
Mr. Niraj Dhadiwal	14.99
Mr. Prakash Sapkal	15.67
Dr. V.V. Parashar	0.00
Dr. Naresh Gaikwad	0.00
Mr. Suprakash Chakravathy	0.00
Ms. Kavita Loya	0.00
Mr. Padmakar Joshi	0.00
Mr. Shyam Patro	26.37
Mr. Piyush Nikhade	-01.36

- (iii) percentage increase in the median remuneration of employees in the financial year : 5.06 %

- (iv) the number of permanent employees on the rolls of company : 487

- (v) Average percentage change made in the salaries of eligible employees other than the managerial personnel in the financial year ending March 31, 2021 was approximately 4% and the average increase in the managerial personnel remuneration was 13.50%.

- (vi) The Company affirms that the remuneration paid for FY 2020-21 to the Managerial and Non-Managerial Personnel is as per the remuneration policy of the Company.

- (vii) The statement containing particulars of employees as required under section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

Annexure – VII

FORM AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 and rule 8(1) of the Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries as on 31.03.2021

Part “A”: Subsidiaries

Particulars	Name of Subsidiary		
	ZIM Laboratories FZE	ZIM Health Technologies Limited	SIA ZIM Laboratories Limited
Share Capital	731.57	40.00	30.87
Reserves & Surplus	385.12	(23.12)	(08.69)
Total Assets	1,314.92	72.80	56.49
Total Liabilities	198.24	55.92	34.31
Investments	NIL	NIL	NIL
Turnover	2,284.77	119.50	NIL
Profit / (Loss) before Tax	164.36	14.68	(08.91)
Provision for Tax	NIL	NIL	NIL
Profit / (Loss) after Tax	164.36	14.68	(08.91)
Proposed Dividend	NIL	NIL	NIL
% of Share-holding	100%	100%	100%

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

(Anwar Siraj Daud)  
Managing Director

(Zulfiqar M. Kamal)  
Director (Finance)

(Shyam Mohan Patro)  
Chief Financial Officer

(Piyush Nikhade)  
Company Secretary

Place: Nagpur  
Date: 29.05.2021

Independent Auditor’s Report

To the Members of ZIM Laboratories Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of ZIM Laboratories Limited (‘the Company’), which comprise the Standalone Balance Sheet as at 31 March 2021, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flow and the Standalone Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (‘Act’) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards (‘Ind AS’) specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (‘ICAI’) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matters
<p><b>a) Capitalization and realisability of ‘Product Marketing Authorization’ Rights</b></p> <p>(Refer Note 2.1(d) to the accompanying standalone financial statements for accounting policy and Note 5(A) and 5(B) related disclosures)</p> <p>The Company has applied for registration of its various pre-formulated products in different countries. The applications have been made to secure marketing rights/ product authorization’s in respective geographies, some of which are subject to regulatory approvals. The expenses towards registrations are capitalized as ‘Product Marketing authorizations’. ‘Product Marketing Authorization’ (marketing rights) primarily include costs pertaining to bioequivalence studies, analytical method validation studies and product registration costs in respective geographies.</p> <p>Based on management’s expectation of its commercial utilization of these products, these costs are amortized over a period of three years from date of capitalization.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"><li>• Obtained an understanding of the management process and controls for calculating the amount to be capitalized and their realisability, and assessed the consistency of the accounting policies with relevant accounting standards;</li><li>• Tested the mathematical accuracy of the amounts capitalized as marketing rights and also evaluated key assumptions regarding market potential used by the Company on sample basis.</li><li>• Verified sample of costs expensed to supporting documentation such as study reports, invoices and payment records to ensure the correctness of the amounts being expensed.</li></ul>

Independent Auditor’s Report  
on the Audit of the Standalone Financial Statements

Key audit matters	How our audit addressed the key audit matters
<p>For marketing rights under process of approval, the primary risk relates to timely securing of requisite regulatory approvals. For capitalized marketing rights, the key risk is the ability to successfully commercialize the individual product concerned in the respective geography over the expected timelines.</p> <p>The assumptions/judgement applied by management in determining the recoverable value of such rights include expected contributions from projected business generated in respective countries. Changes in these assumptions could lead to an impairment to the carrying value of the intangible asset.</p> <p>Considering the amounts involved, inherent subjectivity and significant management judgement involved to estimate the recoverable value of the marketing rights, the matter has been considered to be a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"><li>• Obtained an understanding from management as to the status of each marketing right under process and corroborating, on sample basis, these status assessments from the communications of the Company’s management (as distinct from the financial management function) with respective authorities.</li><li>• In respect of marketing rights for products that have received regulatory approvals, we assessed the useful life and amortization period for the capitalized costs and challenged their total estimated profitability based on results achieved till date</li><li>• In respect of marketing rights for products that are no longer considered viable, we determined whether the carrying amount had been appropriately written off.</li><li>• Evaluated the adequacy of the related disclosures made in the standalone financial statements.</li></ul>
<p><b>b) Recoverability assessment of secured trade receivables</b></p> <p>(Refer Note 2.1(l) to the accompanying financial statements for accounting policy and Note 12 trade receivable disclosures)</p> <p>As at 31 March 2021, the Company has reported trade receivable of ₹ 6,394.97 lakhs. Trade receivables are stated at their original value less appropriate allowances for estimated irrecoverable amount and further adjusted for the receivables considered as not recoverable and written off.</p> <p>The impairment of trade receivables is calculated for each class of trade receivables using management’s judgement on expected realization, historical collection trends and realizable value of security for secured receivables, in accordance with the expected credit loss guidance prescribed by Ind AS 109: ‘Financial Instruments’.</p> <p>For the trade receivables secured against the shares of the Company pledged with an escrow agent pursuant to an escrow agreement entered between the Company and its shareholder, the management estimates the expected realizable value less cost of disposal of such shares to determine the provision required to be made for the secured debtors. Such estimation involves management judgement and estimation uncertainty due to possible price variation that may occur over the period over which such shares are expected to be liquidated to recover the dues.</p> <p>Considering the nature of the arrangement, materiality of secured trade receivable balances and the judgements involved in the estimation of expected credit losses on such class of trade receivables, this matter is considered to be a key audit matter for the current year audit.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"><li>• Obtained an understanding of the management’s process to determine the value of the security received for trade receivables and computation of expected credit loss for such secured assets.</li><li>• Evaluated the design, implementation and tested the operating effectiveness of the Company’s key internal controls over the provisioning and write off of secured trade receivables;</li><li>• Inspected the escrow agreement entered between the Company and its shareholder to confirm our understanding obtained from the management with respect to the security of the trade receivable. Scrutinized the agreement for any terms indicating possible conditions precedent that are required to be met before encashing the available security to set off outstanding debts.</li><li>• Assessed the reasonableness of management’s estimates and assumptions used to determine the value of security in respect of secured trade receivables and expected costs in order to test the impairment, if any, on specific secured trade receivables;</li><li>• Evaluated appropriateness of disclosures made in the standalone financial statements with respect to the trade receivables and for underlying security in shares of the Company.</li></ul>

Independent Auditor’s Report  
on the Audit of the Standalone Financial Statements

<p><b>Information other than the Financial Statements and Auditor’s Report thereon</b></p> <p>6. The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor’s report thereon. The Annual Report is expected to be made available to us after the date of this auditor’s report.</p> <p>Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.</p> <p>In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.</p> <p><b>Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements</b></p> <p>7. The accompanying standalone financial statements have been approved by the Company’s Board of Directors. The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.</p>	<p>8. In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.</p> <p>9. Those Board of Directors is also responsible for overseeing the Company’s financial reporting process.</p> <p><b>Auditor’s Responsibilities for the Audit of the Standalone Financial Statements</b></p> <p>10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.</p> <p>11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:</p> <ul style="list-style-type: none"><li>• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;</li><li>• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls;</li><li>• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;</li></ul>
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Independent Auditor’s Report  
on the Audit of the Standalone Financial Statements

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern;
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- Report on Other Legal and Regulatory Requirements**
15. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. 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.
17. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the standalone financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
  - f) We have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report as per Annexure II expressed unmodified opinion; and
  - g) with respect to the other matters to be included in the Auditor’s Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company, has disclosed the impact of pending litigations on its financial position as at 31 March 2021;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

Independent Auditor’s Report  
on the Audit of the Standalone Financial Statements

- iii. following are the instances of delays in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company:
  - Unpaid dividend for Financial Year 2011-12 amounting to ₹ 6.87 lakhs;
  - Unpaid dividend for Financial Year 2012-13 amounting to ₹ 6.32 lakhs; and
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016

to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

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

**Adi P. Sethna**  
Partner  
Membership No: 108840  
UDIN: 21108840AAAAACN9914  
Place: Mumbai  
Date: 29 May 2021

Annexure I  
Independent Auditor's Report on the Audit of the Standalone Financial Statements

Annexure I to the Independent Auditor's Report of even date to the members of ZIM Laboratories Limited, on the standalone financial statements for the year ended 31 March 2021

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular program of physical verification of its property, plant and equipment under which fixed assets are verified in a phased manner over a period of 3 years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register

maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

- (iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services 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, duty of customs, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) The dues outstanding in respect of income-tax on account of any dispute, are as follows:

Statement of Disputed Dues:

Name of the statute	Nature of dues	Amount (₹ In lakhs)	Amount paid under Protest (₹ In lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	395.94	84.00	Assessment Year 2008-09, 2009-10 and 2011-12 to 2013-14	Commissioner of Income Tax (Appeal)
		155.48	50.10	Assessment Year 2010-11	Income Tax Appellate Tribunal

Annexure I  
Independent Auditor's Report on the Audit of the Standalone Financial Statements

- There were no amounts disputed with respect to service-tax, sales tax, duty of customs, duty of excise and value added tax.
- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or government or any dues to debenture-holders during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purpose for which the loans were obtained.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in

- the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, provisions of clause 3(xiv) of the Order are not applicable.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Adi P. Sethna  
Partner  
Membership No: 108840  
UDIN: 21108840AAAACN9914

Place: Mumbai  
Date: 29 May 2021

Annexure II  
Independent Auditor's Report on the Audit of the Standalone Financial Statements

Annexure II to the Independent Auditor’s Report of even date to the members of ZIM Laboratories Limited on the standalone financial statements for the year ended 31 March 2021

Independent Auditor’s Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (‘the Act’)

1.

In conjunction with our audit of the standalone financial statements of ZIM Laboratories Limited (‘the Company’) as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.
- Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2.

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

3.

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to

- standalone financial statements were established and maintained and if such controls operated effectively in all material respects.

4.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to standalone financial statements.
- Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

6.

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

7.

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper

Annexure II  
Independent Auditor’s Report on the Audit of the Standalone Financial Statements

management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31 March 2021, based on the

internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Adi P. Sethna  
Partner  
Membership No: 108840  
UDIN: 21108840AAAAACN9914

Place: Mumbai  
Date: 29 May 2021



## Standalone Balance sheet

as at 31 March, 2021

	Note	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3	10,067.00	10,742.85
Capital work-in-progress	4	456.13	474.24
Intangible assets	5(A)	247.68	381.12
Intangible assets under development	5(B)	589.98	488.15
Investment in subsidiaries	6	802.44	802.44
<b>Financial Assets</b>			
Investments	6A	5.15	5.15
Other financial assets	7	269.85	239.65
Deferred tax assets (net)	8	253.91	532.81
Income tax (current-tax) assets (net)	9	472.47	368.00
Other non-current assets	10	566.15	622.91
		<b>13,730.76</b>	<b>14,657.32</b>
<b>Current assets</b>			
Inventories	11	5,434.72	5,638.91
<b>Financial Assets</b>			
Trade receivables	12	6,394.97	6,334.16
Cash and cash equivalents	13	90.39	67.13
Bank balances other than cash and cash equivalents	14	695.91	215.85
Loans	15	8.20	16.12
Other financial assets	16	980.61	645.48
Other current assets	17	4,692.27	4,711.52
		<b>18,297.07</b>	<b>17,629.17</b>
		<b>32,027.83</b>	<b>32,286.49</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	18	1,624.19	1,618.07
Other equity	19	14,080.57	13,557.45
		<b>15,704.76</b>	<b>15,175.52</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	20	2,182.92	2,742.01
Other financial liabilities	21	16.75	62.63
		<b>2,199.67</b>	<b>2,804.64</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	22	4,460.00	4,969.00
Trade payables	23	-	-
- total outstanding due of micro enterprises and small enterprises		-	-
- total outstanding due of creditors other than micro enterprises and small enterprises		6,507.75	6,591.37
Other financial liabilities	24	2,054.20	1,898.99
Other current liabilities	25	961.07	741.04
Provisions	26	140.38	105.93
		<b>14,123.40</b>	<b>14,306.33</b>
		<b>16,323.07</b>	<b>17,110.97</b>
		<b>32,027.83</b>	<b>32,286.49</b>
<b>TOTAL LIABILITIES</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>			
Significant accounting policies and other explanatory information	1 - 51		

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

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

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

Place: Mumbai  
Date: 29 May 2021

For and on behalf of the Board of Directors

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

**Shyam Mohan Patro**  
Chief Financial Officer

Place: Nagpur  
Date: 29 May 2021

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

**Piyush Nikhade**  
Company Secretary

## Standalone Statement of Profit and Loss

for the year ended 31 March, 2021

	Note	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
<b>I. Income</b>			
Revenue from operations	27	30,362.94	27,431.97
Other income	28	244.90	465.65
<b>Total Income</b>		<b>30,607.84</b>	<b>27,897.62</b>
<b>II. Expenses</b>			
Cost of materials consumed	29	15,282.21	13,366.79
Purchase of stock in trade	30	691.59	1,587.17
Changes in inventories of finished goods and work-in-progress	31	(110.53)	(639.97)
Employee benefits expense	32	3,448.34	3,458.42
Finance costs	33	1,088.56	1,265.45
Depreciation and amortisation expense	34	1,461.38	1,327.15
Other expenses	35	7,370.20	7,681.35
<b>Total Expenses</b>		<b>29,231.75</b>	<b>28,046.36</b>
<b>III. Profit/ (Loss) before exceptional item and tax</b>			
Exceptional Items- loss	35(A)	(518.08)	-
<b>IV. Profit/ (Loss) before tax</b>			
<b>V. Tax (expense)/credit:</b>			
(i) Current Tax	36	(1.32)	-
(ii) Tax adjustment pertaining to earlier years		(0.35)	12.33
(iii) Deferred Tax		(294.72)	310.47
		<b>(296.39)</b>	<b>322.80</b>
<b>VI. Net Profit After Tax</b>			
<b>VII. Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
- Measurements of defined employee benefit plans		(54.32)	(38.04)
- Income tax relating to items that will not be reclassified to profit or loss		15.82	11.08
		<b>(38.50)</b>	<b>(26.96)</b>
<b>VIII. Total Comprehensive Income</b>			
		<b>523.12</b>	<b>147.10</b>
<b>IX. Earnings per equity share: Nominal value of ₹ 10 each</b>			
Basic ( In ₹)	49	3.46	1.07
Diluted ( In ₹)		3.46	1.07
Significant accounting policies and other explanatory information	1 - 51		

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

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

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

Place: Mumbai  
Date: 29 May 2021

For and on behalf of the Board of Directors

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

**Shyam Mohan Patro**  
Chief Financial Officer

Place: Nagpur  
Date: 29 May 2021

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

**Piyush Nikhade**  
Company Secretary

## Standalone Statement of Changes in Equity

for the year ended 31 March 2021

### Equity share capital (Refer note 18)

	Number of shares	₹ lakhs
As at 01 April 2019	16,119,506	1,611.95
Changes during the year	61,216	6.12
As at 31 March 2020	16,180,722	1,618.07
Changes during the year	61,216	6.12
As at 31 March 2021	16,241,938	1,624.19

### Other equity (Refer note 19)

	Reserves & Surplus			Employee stock options	Total
	Securities Premium	General Reserve	Retained earnings		
Opening balance as at 1 April 2019	4,027.31	106.20	9,253.79	122.69	13,509.99
Transactions during the year					
Total comprehensive income for the year					
Profit for the year	-	-	174.06	-	174.06
Dividend	-	-	(80.90)	-	(80.90)
Dividend distribution tax	-	-	(16.63)	-	(16.63)
Employee Stock Option expenses	-	-	-	1.52	1.52
Adjustment towards fair value of ESOP	-	-	52.65	(52.65)	-
Transfer from ESOP	35.78	-	-	(35.78)	-
Lease adjustment	-	-	(3.63)	-	(3.63)
OCI for the year	-	-	(26.96)	-	(26.96)
Closing balance as at 31 March 2020	4,063.09	106.20	9,352.38	35.78	13,557.45
Transactions during the year					
Total comprehensive income for the year					
Profit for the year	-	-	561.62	-	561.62
Transfer from ESOP	35.78	-	-	(35.78)	-
OCI for the year	-	-	(38.50)	-	(38.50)
Closing balance as at 31 March 2021	4,098.87	106.20	9,875.50	-	14,080.57

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

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

For and on behalf of the Board of Directors

Adi P. Sethna  
Partner  
Membership No.: 108840

Anwar S. Daud  
Managing Director  
DIN: 00023529

Zulfiqar M. Kamal  
Director (Finance)  
DIN: 01786763

Shyam Mohan Patro  
Chief Financial Officer

Piyush Nikhade  
Company Secretary

Place: Mumbai  
Date: 29 May 2021

Place: Nagpur  
Date: 29 May 2021

## Standalone Statement of Cash Flow

for the year ended 31 March 2021

	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
<b>Cash flow from operating activities</b>		
Profit/ (Loss) before exceptional item and tax	1,376.09	(148.74)
Depreciation and amortisation expense	1,461.38	1,327.15
Government Incentive	(8.20)	(8.69)
Interest on Lease deposits	(7.95)	(7.08)
(Profit)/Loss on sale of property, plant and equipment (net)	(0.60)	0.53
Property, plant and equipment Written off	-	2.22
Unrealized Foreign Exchange (Gain)	(85.61)	(51.46)
Provision for employee benefits	(19.87)	0.58
Dividend income on investments	-	(0.60)
Interest income	(34.02)	(18.86)
Bad debts Written off	66.82	-
Employee compensation cost (ESOP costs)	-	1.52
Finance costs	1,088.56	1,265.45
<b>Operating profit before working capital changes</b>	<b>3,836.60</b>	<b>2,362.02</b>
Movement in working capital :		
Increase/(decrease) in trade & other payables and provisions	211.34	(1,508.22)
(Increase)/decrease in inventories	204.19	(133.64)
(Increase)/decrease in trade and other receivables	(956.31)	1,900.76
Net Cash generated from operations	3,295.82	2,620.92
Direct taxes paid (net of refunds)	(106.15)	(491.93)
<b>Net cash generated from operating activities (A)</b>	<b>3,189.67</b>	<b>2,128.99</b>
<b>Cash flow from investing activities</b>		
Purchases of property, plant and equipment and intangibles (refer note ii)	(629.87)	(1,478.01)
Sale proceeds of property, plant and equipment	0.59	3.60
Investment in subsidiaries	-	(354.09)
(Investments)/Maturity in bank deposits (having original maturity of more than three months)	19.73	(68.22)
Interest received	39.30	14.40
Dividend received	-	0.60
<b>Net cash (used in) investing activities (B)</b>	<b>(570.25)</b>	<b>(1,881.72)</b>

# Standalone Statement of Cash Flow

for the year ended 31 March 2021 (Contd.)

	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity share	6.12	6.12
Proceeds from long term borrowings	1,916.77	3,500.00
(Repayment) of long term borrowings	(2,349.45)	(3,141.38)
(Repayment)/proceeds of short term borrowings	(516.22)	913.06
(Repayment) of lease obligations	(139.40)	(66.12)
Deposits with bank towards margin money against borrowings (net)	(488.65)	34.65
Finance costs paid	(1,025.33)	(1,365.05)
Changes in unclaimed dividend bank balances	2.44	(6.42)
Dividends paid on equity shares (including unclaimed)	(2.44)	(74.48)
Tax on equity dividend paid	-	(16.63)
<b>Net cash (used in) financing activities (C)</b>	<b>(2,596.16)</b>	<b>(216.25)</b>
Net increase in cash and cash equivalents (A+B+C)	23.26	31.02
Opening cash and cash equivalents	67.13	36.11
<b>Closing cash and cash equivalents</b>	<b>90.39</b>	<b>67.13</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	6.18	17.30
Balances with banks in:		
- Current accounts	84.21	49.83
<b>Total Cash and cash equivalents (Refer note 13)</b>	<b>90.39</b>	<b>67.13</b>

<b>Notes:</b>	
i) The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.	
ii) Includes capital work-in-progress and intangible assets under development.	
Significant accounting policies and other explanatory information	1 - 51

This is the statement of Cash Flow referred to in our report of even date	
For Walker Chandio & Co LLP Chartered Accountants Firm's Registration No.: 001076N/N500013	For and on behalf of the Board of Directors
Adi P. Sethna Partner Membership No.: 108840	Anwar S. Daud Managing Director DIN: 00023529
	Zulfiquar M. Kamal Director (Finance) DIN: 01786763
	Shyam Mohan Patro Chief Financial Officer
	Piyush Nikhade Company Secretary
Place: Mumbai Date: 29 May 2021	Place: Nagpur Date: 29 May 2021

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

for the year ended 31 March 2021

## 1. Background of the Company

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

The standalone financial statements ("the financial statements") of the Company for the year ended 31 March 2021 were authorised for issue in accordance with resolution of the Board of Directors on 29 May 2021.

## 2. Basis for preparation of financial Statements

### (i) Compliance with Ind AS

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

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

### (ii) Historical cost convention

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

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

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

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

### (iv) Rounding of amounts

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

## 2.1 Significant Accounting Policies

### a Use of estimates

The estimates and judgements used in the preparation

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

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

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

The Company had applied for the one time transition exemption of considering the carrying cost on the transition date i.e. 1 April 2016 as the deemed cost under IND AS. Hence regarded thereafter as historical cost.

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

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

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

### c Depreciation methods and estimated useful lives

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



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

for the year ended 31 March 2021

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

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

d Intangible assets

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

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

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

e Research and development costs

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

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

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

f Measurement and recognition of leases

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

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

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

Company as a lessee

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

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

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

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance, fixed), and payments arising from options reasonably certain to be exercised.

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

for the year ended 31 March 2021

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest expenses. It is remeasured to reflect any reassessment or modification.

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

The Company has elected to account for short-term leases and leases of low-value assets using the exemption given under Ind AS 116, Leases. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term or on another systematic basis if that basis is more representative of the pattern of the Company’s benefit.

Company as a lessor

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

g Borrowings and other financial liabilities

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

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

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

h Borrowing costs

General and specific borrowing costs directly attributable to the acquisition/ construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time the assets are substantially ready for

their intended use. All other borrowing costs are recognised as an expense in Statement of Profit and Loss in the period in which they are incurred.

i Impairment of non-financial assets

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

j Government grants

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

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

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

k Investments in subsidiaries

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

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

for the year ended 31 March 2021

I Investments and financial assets

Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income or through statement of profit and loss), and
  - those measured at amortised cost.
- The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

Measurement

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

Measurement of debt instruments

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

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

the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss. Interest income from these financial assets is included in other income using the effective interest rate method.

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

Measurement of equity instruments

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

Impairment of financial assets

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

De-recognition of financial assets

A financial asset is derecognised only when

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

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

for the year ended 31 March 2021

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

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

Interest income from financial assets

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

m Derivatives and embedded derivatives

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

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

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

n Cash and Cash Equivalents

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

o Inventories

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

p Foreign Currency Transactions

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

q Revenue Recognition

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

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

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



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

for the year ended 31 March 2021

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

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

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

Other operating revenue - Product development income

Income from product development including sale of technology/know-how (rights, licenses and other intangibles) is recognised in accordance with the terms of the contract with customers when the related performance obligation is completed, or when risks and rewards of ownership are transferred, as applicable.

The Company enters into certain dossier sales and supply arrangements that, in certain instances, include certain performance obligations. Based on an evaluation of whether or not these obligations are inconsequential or perfunctory, the Company recognise or defer the upfront payments received under these arrangements.

Export incentives

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

r Other Income

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

s Employee Benefits

Defined Contribution Plan

The Company has Defined Contribution Plan for post employment benefit namely Provident Fund, Superannuation Fund etc., which are recognised by the income tax authorities and administered through

appropriate authorities. The Company contributes to a Government administered Provident Fund and has no further obligation beyond making its contribution.

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

Defined Benefit Plan - Gratuity

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

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

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

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

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

Compensated Absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. All other absences are treated as long term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused

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

for the year ended 31 March 2021

entitlement as at the year end. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Termination Benefits

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

Short-term benefits

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

t Current and Deferred Tax

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

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

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

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

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

u Provisions and Contingent Liabilities

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

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



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

for the year ended 31 March 2021

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

### v Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss (excluding other comprehensive income) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus

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

### w Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2021.

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

for the year ended 31 March 2021

	(₹ lakhs)									
	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Electric Installation	Furniture and Fixtures	Office Equipments	Vehicles	Right to use Assets Leasehold	Total
<b>Gross carrying amount</b>										
<b>Balance as at 1 April 2019</b>	1,023.32	512.66	3,985.38	5,765.79	166.50	795.91	243.84	155.06	-	12,648.46
Reclassified on account of adoption of Ind AS	-	(512.66)	-	-	-	-	-	-	485.23	(27.43)
116 'Leases'	-	-	-	-	-	-	-	-	-	-
Transition impact on account of adoption of Ind AS 116 'Leases'	-	-	-	-	-	-	-	-	-	156.94
Additions	-	-	308.35	1,087.38	-	128.22	28.21	19.69	-	1,810.32
Deletions	-	-	-	12.48	3.76	38.97	-	-	-	55.21
<b>Balance as at 31 March 2020</b>	<b>1,023.32</b>	<b>-</b>	<b>4,293.73</b>	<b>6,840.69</b>	<b>162.74</b>	<b>885.16</b>	<b>272.05</b>	<b>174.75</b>	<b>485.23</b>	<b>14,533.08</b>
Additions	-	-	70.17	289.65	-	72.38	44.36	-	97.80	659.94
Deletions	61.75	-	-	12.68	-	-	-	-	-	74.43
<b>Balance as at 31 March 2021</b>	<b>961.57</b>	<b>-</b>	<b>4,363.90</b>	<b>7,117.66</b>	<b>162.74</b>	<b>957.54</b>	<b>316.41</b>	<b>174.75</b>	<b>583.03</b>	<b>15,118.59</b>
<b>Accumulated Depreciation/Amortisation</b>										
<b>Balance as at 1 April 2019</b>	-	27.43	446.99	1,724.05	68.58	250.59	123.34	63.77	-	2,704.75
Reclassified on account of adoption of Ind AS	-	(27.43)	-	-	-	-	-	-	-	(27.43)
116 'Leases'	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	160.80	712.96	22.92	99.80	58.37	22.91	3.18	1,161.76
Deletions	-	-	-	8.35	3.58	36.92	-	-	-	48.85
<b>Balance as at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>607.79</b>	<b>2,428.66</b>	<b>87.92</b>	<b>313.47</b>	<b>181.71</b>	<b>86.68</b>	<b>3.18</b>	<b>3,790.23</b>
Charge for the year	-	-	160.95	747.91	22.14	98.03	49.27	21.56	2.99	1,274.04
Deletions	-	-	-	12.68	-	-	-	-	-	12.68
<b>Balance as at 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>768.74</b>	<b>3,163.89</b>	<b>110.06</b>	<b>411.50</b>	<b>230.98</b>	<b>108.24</b>	<b>6.17</b>	<b>5,051.59</b>
<b>Net carrying amount</b>										
<b>Balance as at 31 March 2020</b>	<b>1,023.32</b>	<b>-</b>	<b>3,685.94</b>	<b>4,412.03</b>	<b>74.82</b>	<b>571.69</b>	<b>90.34</b>	<b>88.07</b>	<b>482.05</b>	<b>10,742.85</b>
<b>Balance as at 31 March 2021</b>	<b>961.57</b>	<b>-</b>	<b>3,595.16</b>	<b>3,953.77</b>	<b>52.68</b>	<b>546.04</b>	<b>85.43</b>	<b>66.51</b>	<b>576.86</b>	<b>10,067.00</b>

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

for the year ended 31 March 2021

i	Building includes those constructed on leasehold land:	As at 31 March 2021	As at 31 March 2020
	Gross carrying amount	4,188.53	2,999.77
	Depreciation charged during the year	153.72	114.14
	Accumulated depreciation	744.14	441.10
	Net carrying amount	<b>3,444.39</b>	<b>2,558.67</b>

ii Vehicles includes vehicles in the personal name of directors & employees having Gross carrying amount ₹ 77.34 lakhs and net carrying value of ₹ 29.64 Lakhs

(31 March 2020 - Gross carrying amount ₹ 77.34 lakhs and net carrying value of ₹ 39.08 Lakhs )

iii Refer note 44(B) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

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

## 4 Capital work-in-progress

	(₹ lakhs)
As at 31 March 2020	474.24
<b>As at 31 March 2021</b>	<b>456.13</b>

### Note:

Capital work in progress as at 31 March 2021 includes cost incurred towards construction/development of Building and Plant and equipment of the Company.

## 5(A) Intangible assets

	Softwares	Product marketing authorisation	Total
			(₹ lakhs)
<b>Gross carrying amount</b>			
<b>Balance as at 1 April 2019</b>	<b>164.26</b>	<b>203.46</b>	<b>367.72</b>
Additions	5.50	407.32	412.82
Deletions	-	-	-
<b>Balance as at 31 March 2020</b>	<b>169.76</b>	<b>610.78</b>	<b>780.54</b>
Additions	-	53.90	53.90
Deletions	-	-	-
<b>Balance as at 31 March 2021</b>	<b>169.76</b>	<b>664.68</b>	<b>834.44</b>
<b>Accumulated Amortisation</b>			
<b>Balance as at 1 April 2019</b>	<b>133.45</b>	<b>100.58</b>	<b>234.03</b>
Charge for the year	24.31	141.08	165.39
Deletions	-	-	-
<b>Balance as at 31 March 2020</b>	<b>157.76</b>	<b>241.66</b>	<b>399.42</b>
Charge for the year	3.29	184.05	187.34
Deletions	-	-	-
<b>Balance as at 31 March 2021</b>	<b>161.05</b>	<b>425.71</b>	<b>586.76</b>
<b>Net carrying amount</b>			
Balance as at 31 March 2020	12.00	369.12	381.12
<b>Balance as at 31 March 2021</b>	<b>8.71</b>	<b>238.97</b>	<b>247.68</b>

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

for the year ended 31 March 2021

## 5(B) Intangible assets under development

	(₹ lakhs)
As at 31 March 2020	488.15
<b>As at 31 March 2021</b>	<b>589.98</b>

### Note:

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

### Non- Current :

## 6 Investment in Subsidiaries

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
<b>Investment in equity instruments :</b>		
<b>Unquoted equity investment carried at cost</b>		
3,766 (31 March 2020: 3,766) equity shares of AED 1000 each fully paid-up in ZIM Laboratories FZE, UAE	731.57	731.57
400,000 (31 March 2020: 400,000) equity shares of ₹10 each fully paid-up in ZIM Health Technologies Limited	40.00	40.00
80 (31 March 2020: 80) equity shares of EURO 500 each fully paid-up in SIA ZIM Laboratories Limited, Latvia	30.87	30.87
	<b>802.44</b>	<b>802.44</b>

## 6A Investments

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
<b>Investment in Others:</b>		
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
<b>Investments in Government Securities</b>		
Unquoted at amortised cost		
National Saving Certificate	0.15	0.15
	<b>5.15</b>	<b>5.15</b>

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

for the year ended 31 March 2021

### 7 Other financial assets

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Earnest money and security deposit	104.29	60.50
Bank deposit with maturity more than 12 months	165.56	179.15
Bank deposit includes fixed deposits with banks ₹ 165.56 lakhs (₹ 179.15 lakhs as at 31 March 2020) marked as lien for guarantees issued by banks on behalf of the Company and for borrowings taken by the Company		
	<b>269.85</b>	<b>239.65</b>

### 8 Deferred tax assets / liability (net)

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
<b>Deferred tax liabilities</b>		
Property, plant and equipment: Difference between carrying value as per Income Tax laws and carrying value as per books of account under Companies Act, 2013	892.13	978.23
	<b>892.13</b>	<b>978.23</b>
<b>Deferred tax assets</b>		
Expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	14.66	20.82
Provision for doubtful debts, advances and deposits	26.29	258.26
Carry forward business losses/unabsorbed depreciation	50.08	182.97
Provision for employee benefits	40.88	30.85
Lease payments	4.16	4.16
	<b>136.07</b>	<b>497.06</b>
<b>Minimum alternative tax credit entitlement</b>	1,009.97	1,013.98
<b>Net Deferred Tax Asset/(Liability)</b>	<b>253.91</b>	<b>532.81</b>

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

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Advance income-tax (net of provision for taxation ₹ 1.32 lakhs) (31 March 2020: ₹ Nil)	472.47	368.00
	<b>472.47</b>	<b>368.00</b>

### 10 Other non-current assets

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
(Unsecured, considered good)		
Capital advances	479.79	540.59
Prepaid expenses	19.49	15.88
Security deposits	66.87	66.44
	<b>566.15</b>	<b>622.91</b>

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

for the year ended 31 March 2021

Current :

### 11 Inventories

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Raw materials and packing materials	3,058.52	3,349.90
Work-in-progress	1,073.59	552.01
Finished goods (Refer note 51)		
Goods-in-transit	159.77	257.12
Others	934.95	1,248.65
Stores and spares	207.89	231.23
	<b>5,434.72</b>	<b>5,638.91</b>

### 12 Trade receivables (Refer note (a) below)

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Receivables from related party (Refer note 43)	132.19	676.07
Considered good	6,262.78	5,658.09
Trade receivables - credit impaired (Considered doubtful)	90.28	886.87
Trade receivables which have significant increase in credit risk	-	-
	6,485.25	7,221.03
Less: Provision for doubtful debts	(90.28)	(886.87)
	<b>6,394.97</b>	<b>6,334.16</b>

#### (a) Nature of Security

The Company had entered into an escrow agreement in 2017 (with subsequent renewals), with one of its shareholder wherein the shareholder has provided his holding to the extent of 10 Lakhs equity shares (including 5 Lakhs bonus shares) as security towards realization of certain aged trade receivables. The shares held in escrow account are proposed to be liquidated to meet the shortfall, if any, from recoveries of covered trade receivables. Accordingly, the final amount of recovery (security value) would depend on the shortfall in collections and future market value of equity shares at the time of settlement. However, till date Company has not been able to liquidate the equity shares held as security for realizing the receivables outstanding post partial recoveries against the original outstanding balance. Accordingly, the Company has conservatively written off the aforementioned trade receivables (net of amounts provided in earlier years) during the year ended 31 March 2021 (Refer note 35 (A)).

The recoveries from subsequent liquidation of the equity shares held under security will be recognized in the period in which the Company disposes of the security.

Refer note 38 for information about credit risk and market risk of trade receivables.

### 13 Cash and cash equivalents

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Cash on hand	6.18	17.30
Balances with banks in current accounts	84.21	49.83
	<b>90.39</b>	<b>67.13</b>



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

for the year ended 31 March 2021

### 14 Bank balances other than cash and cash equivalents

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Unclaimed dividend accounts	42.48	44.92
Margin money deposits	653.43	170.93
Deposit includes fixed deposits with banks ₹ 653.43 lakhs (₹ 170.93 lakhs as at 31 March 2020 ) marked as lien against guarantees issued by banks on behalf of the Company and against borrowings taken by the Company		
	<b>695.91</b>	<b>215.85</b>

### 15 Loans

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
(Unsecured, considered good)		
Loans to employees	8.20	16.12
	<b>8.20</b>	<b>16.12</b>
<b>Break-up of security details</b>		
Loans considered good - secured	-	-
Loans considered good - unsecured	8.20	16.12
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
<b>Total</b>	<b>8.20</b>	<b>16.12</b>
Loss allowance	-	-
<b>Total current loans</b>	<b>8.20</b>	<b>16.12</b>

### 16 Other financial assets

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
(Unsecured, considered good)		
Earnest Money and security deposits	25.79	155.97
<b>Interest Receivable:</b>		
from Banks	2.70	7.98
Others	11.77	5.86
Unbilled Revenue	940.35	475.67
	<b>980.61</b>	<b>645.48</b>

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

for the year ended 31 March 2021

### 17 Other current assets

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
(Unsecured, considered good unless otherwise specified)		
<b>Advances other than capital advances</b>		
Advance to suppliers - considered good	1,490.02	2,032.21
Advance against expenses to related party (Managing Director) (Refer note 43)	4.79	14.11
<b>Advances recoverable in kind for value to be received</b>		
Balances with government authorities	3,057.02	2,518.66
Prepaid expenses	140.44	146.54
	<b>4,692.27</b>	<b>4,711.52</b>

### 18 Equity share capital

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
<b>Authorised</b>		
25,000,000 (31 March 2020: 25,000,000) equity shares of ₹ 10 each	2,500.00	2,500.00
<b>Issued</b>		
16,241,938 (31 March 2020: 16,180,722) equity shares of ₹ 10 each fully paid up	1,624.19	1,618.07
<b>Subscribed and Paid-Up:</b>		
16,241,938 (31 March 2020: 16,180,722) equity shares of ₹ 10 each fully paid up	1,624.19	1,618.07
	<b>1,624.19</b>	<b>1,618.07</b>

#### (a) Reconciliation of Share Capital:

	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	₹ lakhs	No. of Shares	₹ lakhs
Balance as at the beginning of the year	16,180,722	1,618.07	16,119,506	1,611.95
Add: Shares issued during the year	61,216	6.12	61,216	6.12
Balance as at the end of the year	16,241,938	1,624.19	16,180,722	1,618.07

#### (b) Rights, preferences and restrictions

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Equity Shares:				
AA Development Capital India Fund 1, LLC	3,565,304	21.95%	3,565,304	22.03%
Anwar Daud*	4,445,440	27.37%	4,445,440	27.47%
Zakir Vali	2,849,140	17.54%	2,849,140	17.61%

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

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

for the year ended 31 March 2021

### (d) Shares reserved for issue under options

Refer note 47 for details of shares reserved for issue under the employee stock option scheme (ESOS) of the Company.

### 19 Other equity

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Securities premium *	4,098.87	4,063.09
General reserve	106.20	106.20
Employee stock options **	-	35.78
Retained earnings ***	9,875.50	9,352.38
<b>Total</b>	<b>14,080.57</b>	<b>13,557.45</b>
<b>* Securities premium</b>		
Balance as at the beginning of the year	4,063.09	4,027.31
Add : Additions made during the year	35.78	35.78
<b>Balance at the end of the year</b>	<b>4,098.87</b>	<b>4,063.09</b>
Nature and Purpose - Security premium is used to record the premium on issue of shares, the reserve is utilised in accordance with the provisions of the Companies Act, 2013		
<b>** Employee stock options</b>		
Balance at the beginning of the year	35.78	122.69
Add: Additions during the year	-	1.52
Less: Adjustment towards fair value of employee stock options	-	(52.65)
Less: Transfer to securities premium account on exercise of stock options	35.78	35.78
<b>Balance at the end of the year</b>	<b>-</b>	<b>35.78</b>
<b>*** Retained earnings</b>		
Balance as at the beginning of the year	9,352.38	9,253.79
Net profit for the year	561.62	174.06
Less: Adjustment towards Lease payments	-	(3.63)
Add: Adjustment towards fair value of employee stock options	-	52.65
Less: Appropriations		
Dividend	-	(80.90)
Dividend distribution tax	-	(16.63)
Transfer from other comprehensive income	(38.50)	(26.96)
<b>Net surplus in the Statement of Profit and Loss</b>	<b>9,875.50</b>	<b>9,352.38</b>

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

for the year ended 31 March 2021

### 20 Non-current Borrowings

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
<b>Secured</b>		
Non-convertible debentures (NCD's)	1,949.88	2,720.03
Term Loans from banks		
- Indian rupee loan	1,694.20	121.56
- Vehicle Loans	2.92	8.41
From Non-Banking Financial Company (NBFC) (Indian rupee loan)	-	1,125.36
	<b>3,647.00</b>	<b>3,975.36</b>
<b>Unsecured</b>		
Deferred sales tax loan	-	11.35
From NBFC	-	29.31
	3,647.00	4,016.02
Less: Current maturities of long term borrowings (Refer note 24)	(1,464.08)	(1,274.01)
	<b>2,182.92</b>	<b>2,742.01</b>

Nature of security and terms of repayment for secured borrowings

- (i) NCD's, Indian rupee loan from a bank and a NBFC are secured by way of first charge on all present and future property, plant and equipment including Land & Building, Plant & Machinery and second charge on all current assets on pari passu basis. The loans are also secured by personal guarantee of Managing Director.

The borrowings made from a bank having outstanding amount of ₹ Nil (31 March 2020: ₹ 121.56 lakhs) are repayable in 84 equated monthly instalments, commenced from April 2014, of ₹ 13.31 lakhs each. The applicable interest rate on this loan is PLR less 4.5% p.a. (effective interest rate of 11.75% (31 March 2020: 11.75% ).

The borrowings made from NBFC having outstanding amount of ₹ Nil (31 March 2020: ₹ 1,150 lakhs) are repayable in 60 equated monthly instalments, commenced from February 2019, of ₹ 25 lakhs each. The effective interest rate is 13.75% (31 March 2020: 13.75%).

The borrowings made from a bank having outstanding amount of ₹ 857.10 lakhs (31 March 2020: ₹ Nil) are repayable in 36 equated monthly instalments, commenced from January 2021, of ₹ 29.27 lakhs each. The applicable interest rate on this loan is PLR less 6.3% p.a. (effective interest rate of 10.50% (31 March 2020: Nil ).

The borrowings made from a bank having outstanding amount of ₹ 550 lakhs (31 March 2020: ₹ Nil) are repayable in 48 equated monthly instalments, commencing from February 2022, of ₹ 13.52 lakhs each. The effective interest rate is 8.35% (31 March 2020: Nil).

The borrowings made from a bank having outstanding amount of ₹ 287.10 lakhs (31 March 2020: ₹ Nil) are repayable in 18 monthly equated instalments of principal amounts, commenced from December 2020, of ₹ 7.97 lakhs for 6 months and ₹ 22.59 lakhs for next 12 months. The effective interest rate is 7.95% (31 March 2020: Nil ) payable with each monthly instalments.

The borrowings made in the form of unlisted, secured NCD's having outstanding amount of ₹ 1,983.53 lakhs (31 March 2020: ₹ 2,792.58 lakhs) are repayable in 48 equated monthly instalments, commenced from April 2019, of ₹ 94.77 lakhs each. The effective interest rate is 13.50%.

- (ii) Vehicle loan having interest rate of 8.70% is repayable from October 2018 to September 2021 in 36 equal instalments of ₹ 0.50 lakhs each and secured by hypothecation of vehicle purchased against the loan.

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

for the year ended 31 March 2021

### Assets Pledged as security

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

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
<b>Non Current Assets</b>		
- Property, plant and equipment (excluding 'Right to use Assets (except leasehold land)')	14,637.60	14,165.10
<b>Current Assets</b>	18,297.07	17,629.17
<b>Total assets Pledged as security</b>	<b>32,934.67</b>	<b>31,794.27</b>

### 21 Other financial liabilities (Non Current)

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Lease Liabilities (Refer note 41)	16.75	62.63
	<b>16.75</b>	<b>62.63</b>

### Current :

### 22 Borrowings

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
<b>Secured</b>		
- From Banks, repayable on demand		
- Cash credit / packing credit	4,460.00	4,969.00
	<b>4,460.00</b>	<b>4,969.00</b>

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

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

for the year ended 31 March 2021

### Current :

### 23 Trade payables

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Dues of micro enterprises and small enterprises (Refer note below)	-	-
Payables to related parties (refer note 43)	71.20	18.35
Dues of creditors other than micro enterprises and small enterprises	6,436.55	6,573.02
	<b>6,507.75</b>	<b>6,591.37</b>
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	-	-
- Interest due on above	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-
d. the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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

### 24 Other financial liabilities

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Current maturities of long term borrowings	1,464.08	1,274.01
Interest accrued but not due on borrowings	9.24	9.66
Un-claimed dividends*	42.48	44.92
Employee related liabilities	313.54	262.52
Payable for capital expenditure	113.55	160.84
Overdrawn bank balances as per books	3.09	-
Lease Liabilities (Refer Note 41)	108.22	147.04
	<b>2,054.20</b>	<b>1,898.99</b>

\* There is delay in transferring unpaid dividend amount of ₹ 6.87 lakhs (31 March 2020: ₹ 6.87 lakhs) pertaining to FY 2011-12 and of ₹ 6.32 lakhs (₹ Nil) pertaining to FY 2012-13 to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013. The aforesaid unpaid dividend has not been transferred due to administrative issues faced by the bankers of the Company. However, unpaid dividends as mentioned above have been transferred to the Investor Education and Protection fund subsequent to the year end.



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

for the year ended 31 March 2021

### 25 Other current liabilities

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Advance received from customers	776.60	571.18
Statutory dues	131.51	115.53
Deferred Government grants	52.96	54.33
	<b>961.07</b>	<b>741.04</b>

### 26 Provisions

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Provision for employee benefits		
Provision for gratuity (Refer note 45)	76.09	55.17
Provision for compensated absences	64.29	50.76
	<b>140.38</b>	<b>105.93</b>

### 27 Revenue from operations

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Sale of products		
Manufactured goods	28,000.47	23,991.93
Stock in trade	832.68	1,788.01
Other operating revenue		
Product development income	536.67	969.57
Export incentives	734.64	647.76
Scrap Sales	3.97	4.33
Others	254.51	30.37
	<b>30,362.94</b>	<b>27,431.97</b>

#### Disclosure as per Ind AS 115

- A** The operations of the Company are limited to only one segment viz. pharmaceuticals and related products. Revenue from contract with customers is from sale of manufactured goods and rendering of research services. Sale of goods are made at a point in time and revenue is recognised upon satisfaction of the performance obligations which is typically upon dispatch / delivery. The Company has a credit evaluation policy based on which the credit limits for the trade receivables are established. There is no significant financing component as the credit period provided by the Company is not significant.
- There are no variable components such as discounts, chargebacks, rebates, sales returns etc

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

for the year ended 31 March 2021

### B Disaggregation of revenue:

Nature of segment	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
<b>A. Major Product/Service line:</b>		
- Sale of pharmaceutical goods	28,833.15	25,779.94
- Product development income	536.67	969.57
-Others ( Export incentives, Scrap sales, etc.)	993.12	682.46
<b>Total revenue from contracts with customers</b>	<b>30,362.94</b>	<b>27,431.97</b>
<b>B. Primary geographical market:</b>		
- In India	7,609.80	9,326.92
- Outside India	22,753.14	18,105.05
<b>Total revenue from contracts with customers</b>	<b>30,362.94</b>	<b>27,431.97</b>
<b>C. Timing of the revenue recognition:</b>		
- Goods transferred at a point in time	29,826.27	26,462.40
- Services transferred over time	536.67	969.57
<b>Total revenue from contracts with customers</b>	<b>30,362.94</b>	<b>27,431.97</b>
<b>C Contract Balances</b>		
Significant changes in contract asset balances are as follows:		
Contract Assets		
Opening Balance	475.67	-
Add: Revenue recognised during the year	536.67	969.57
Less: Invoiced during the year	71.99	493.90
<b>Closing balance</b>	<b>940.35</b>	<b>475.67</b>

### D Outstanding service obligation regarding product development contracts

The Company has entered into contracts pertaining to product development projects. The outstanding service obligations pertaining to these contracts aggregates ₹ 940.35 lakhs as at year end.

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

### 28 Other income

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Interest income on		
- Fixed deposits	34.02	18.86
- Others	34.48	19.85
Dividend income on investments	-	0.60
Exchange rate difference (net)	150.87	208.38
Apportioned income from government grant	8.20	8.69
Provision for doubtful advances written back	-	188.39
Other non-operating income	17.33	20.88
	<b>244.90</b>	<b>465.65</b>

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

for the year ended 31 March 2021

### 29 Cost of materials consumed

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Opening inventory	3,349.90	3,763.49
Add: Purchases	15,682.42	14,540.37
Less: Closing inventory	3,058.52	3,349.90
	15,973.80	14,953.96
Less: Cost of material sold	691.59	1,587.17
	<b>15,282.21</b>	<b>13,366.79</b>

### 30 Purchase of Stock in trade

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Details of purchases of traded goods		
Tablets	27.57	400.86
Capsules	7.10	93.80
Bulk Drugs	656.92	1,092.51
	<b>691.59</b>	<b>1,587.17</b>

### 31 Changes in inventories of finished goods and work in progress (Refer note 51)

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
<b>At the end of the year</b>		
Work in progress	1,073.59	552.01
Finished goods	1,094.72	1,505.77
	<b>2,168.31</b>	<b>2,057.78</b>
<b>At the beginning of the year</b>		
Work in progress	552.01	634.29
Finished goods	1,505.77	783.52
	<b>2,057.78</b>	<b>1,417.81</b>
	<b>(110.53)</b>	<b>(639.97)</b>

### 32 Employee benefits expense

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Salaries, wages and bonus	3,162.68	3,133.56
Contribution to provident and other funds (Refer note 44(A) and 45(a))	120.85	134.06
Gratuity expense (Refer note 45)	51.87	47.36
Share based payments to employees (Refer note 47)	-	1.52
Staff welfare expenses	112.94	141.92
	<b>3,448.34</b>	<b>3,458.42</b>

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

for the year ended 31 March 2021

### 33 Finance costs

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Interest on NCD's	332.22	423.00
Interest on other borrowings:		
- From banks	616.20	679.32
- From others	-	5.80
Exchange differences regarded as an adjustment to borrowing costs	-	2.72
Interest on delayed payment of income tax	1.36	24.96
Other borrowing costs	138.78	129.65
	<b>1,088.56</b>	<b>1,265.45</b>

### 34 Depreciation and amortisation expense

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Depreciation on property, plant and equipment	1,274.04	1,161.76
Amortisation of intangible assets	187.34	165.39
	<b>1,461.38</b>	<b>1,327.15</b>

### 35 Other Expenses

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Consumption of stores and spares	62.12	158.84
Power and fuel	691.00	736.86
Water charges	12.93	10.58
Insurance	33.40	17.59
Repairs and maintenance		
Machines	353.49	297.01
Buildings	27.22	42.57
Others	107.80	135.62
Contract labour	1,351.74	1,602.61
Printing & stationery	23.45	52.63
Communication costs	38.14	41.80
Legal and professional fees	823.03	565.49
Payment to auditors (Refer note below (a))	51.07	54.99
Advertisement & sales promotion	63.39	156.84
Travelling and conveyance	147.67	378.04
Commission on sales	1,593.68	1,756.87
Freight and forwarding charges	1,122.96	537.12
Bad debts	66.82	-
Provision for doubtful debts	-	188.39
Rates and taxes	19.36	61.19
Property, plant and equipment written off	-	2.22
Loss on sale of property, plant and equipment (net)	-	0.53
Rent (Refer note 41)	16.74	12.67
Laboratories Expenses	437.25	460.60
Corporate social responsibility expenses	26.69	24.84
Miscellaneous expenses	300.25	385.45
	<b>7,370.20</b>	<b>7,681.35</b>

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

for the year ended 31 March 2021

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
<b>Note</b>		
(a) Auditors' Remuneration (excluding taxes)		
As Auditors	48.00	48.00
Other Services	2.15	6.30
Out of Pocket Expenses	0.92	0.69
	<b>51.07</b>	<b>54.99</b>

### 35(A) Exceptional items

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Bad debts written off (net of provision for doubtful debts adjusted ₹ 796.59 lakhs (31 March 2020: ₹ Nil)	(518.08)	-
	<b>(518.08)</b>	<b>-</b>

Exceptional item represents write off towards doubtful trade receivables relating to sales made in earlier years. The Company had entered into an arrangement with one of its shareholders, whereby the Company is entitled to recover this loss by liquidating ten lakh shares of such shareholder (which are held in escrow) against short recovery from the parties specified in the arrangement. The amounts so recovered from liquidation of the shares will be recognised as and when the Company is able to dispose-off the shares for amounts which will be determinable on such liquidation.

### 36 Tax (expense) / credit

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Current tax for the year (net of Minimum alternative tax credit entitlement/utilisation ₹ 4.01 lakhs) (31 March 2020: ₹ Nil)	(1.32)	-
Tax adjustments pertaining to earlier years	(0.35)	12.33
<b>Deferred tax expenses</b>		
Increase / (Decrease) in deferred tax assets	(365.00)	121.60
(Increase) / Decrease in deferred tax liabilities	86.10	199.95
	<b>(278.90)</b>	<b>321.55</b>
	<b>(280.57)</b>	<b>333.88</b>
Tax (expense) / credit recognised in Statement of profit and loss	(296.39)	322.80
Tax (expense) / credit recognised in other comprehensive income	15.82	11.08
	<b>(280.57)</b>	<b>333.88</b>
<b>Tax reconciliation</b>		
<b>Profit /(Loss) before tax</b>	<b>858.01</b>	<b>(148.74)</b>
Tax at the rate of 29.12% (31 March 2020 29.12% )	(249.85)	43.31
Tax adjustment pertaining to earlier years	(0.35)	12.33
<b>Tax effect of amounts which are not deductible / taxable</b>		
Permanent Disallowances	(0.23)	(8.08)
Additional deduction under Income tax act, 1961	65.36	125.38
Disallowance of Donation/Corporate social responsibility expenses	(9.53)	(18.30)
Other tax deductions	(85.97)	179.24
	<b>(280.57)</b>	<b>333.88</b>

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

for the year ended 31 March 2021

### 37 Fair value measurements

#### Financial instruments by category:

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

#### Fair value hierarchy

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

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

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

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

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

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

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

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

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

Fair value for assets and liabilities measured at amortised cost	31 March 2021				31 March 2020			
	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3	Carrying amount
Financial liabilities								
Borrowings (other than current borrowings)	-	3,647.00	-	3,647.00	-	4,016.02	-	4,016.02
Lease liabilities (other than current liabilities)	-	16.75	-	16.75	-	62.63	-	62.63

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.



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

for the year ended 31 March 2021

### 38 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

Particulars	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Total Borrowings	8,107.00	8,985.02
% of Borrowings out of above bearing variable rate of interest	76%	57%

##### Interest rate sensitivity

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

Particulars	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
50 bp increase would decrease the profit before tax by	(30.77)	(25.45)
50 bp decrease would Increase the profit before tax by	30.77	25.45

##### Market risk - Foreign currency risk management

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

for the year ended 31 March 2021

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.

##### Unhedged foreign currency exposure

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

(Amount in lakhs)

As at 31 March 2021	USD		EURO		CAD/ ZAR	
Particulars	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade Receivable	59.88	4,377.52	2.33	199.83	1.06	61.56
Trade payables	0.02	1.74	-	-	-	-
Advance received from customers	1.86	132.91	4.61	399.42	4.09	19.83
Balance in EEFC Account	0.30	21.67	0.18	15.51	-	-
PCFC and PFCFC	17.26	1,261.84	-	-	-	-
Export Commission	15.54	1,136.39	0.18	15.14	-	-

(Amount in lakhs)

As at 31 March 2020	USD		EURO		CAD/ ZAR	
Particulars	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade Receivable	33.59	2,541.72	7.03	586.94	0.66	35.35
Trade payables	2.91	220.40	-	-	-	-
Advance received from customers	4.83	344.51	0.73	56.15	4.09	19.83
Balance in EEFC Account	0.11	8.08	-	-	-	-
PCFC and PFCFC	13.20	998.52	-	-	-	-
Export Commission	16.48	1,246.93	1.33	109.83	-	-

##### Sensitivity to foreign currency risk

(₹ in lakhs)

Particulars	Impact on statement of profit and loss for the year ended	
	31 March 2021	31 March 2020
USD sensitivity		
INR / USD		
Increase by 5%	93.32	(13.03)
Decrease by 5%	(93.32)	13.03
Euro sensitivity		
INR / Euro		
Increase by 5%	(9.96)	21.05
Decrease by 5%	9.96	(21.05)

#### B Credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant

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

for the year ended 31 March 2021

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

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

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.

	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Not due	3,786.33	1,706.46
0-6 months	1,935.94	2,479.91
6-12 months	489.41	957.39
12 months to 24 months	136.67	684.71
beyond 24 months	136.90	1,392.56
<b>Total</b>	<b>6,485.25</b>	<b>7,221.03</b>

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

### Movement in provisions of doubtful debts

	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Opening provision	886.87	698.48
Add:- Additional provision made	-	188.39
Less:- Provision utilised/ adjusted against bad debts	(796.59)	-
<b>Closing provision</b>	<b>90.28</b>	<b>886.87</b>

### 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

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

for the year ended 31 March 2021

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.

(₹ in lakhs)

As at 31 March 2021 Particulars	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
Non-current borrowings (including current maturities)	1,464.08	2,182.92	-	3,647.00
Current financial liabilities - Borrowings	4,460.00	-	-	4,460.00
Trade payables	6,507.75	-	-	6,507.75
Other financial liabilities	590.12	16.75	-	606.87
<b>Total</b>	<b>13,021.95</b>	<b>2,199.67</b>	<b>-</b>	<b>15,221.62</b>

(₹ in lakhs)

As at 31 March 2020 Particulars	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
Non-current borrowings from banks (including current maturities)	1,274.01	2,742.01	-	4,016.02
Current financial liabilities - Borrowings	4,969.00	-	-	4,969.00
Trade payables	6,591.37	-	-	6,591.37
Other financial liabilities	624.98	62.63	-	687.61
<b>Total</b>	<b>13,459.36</b>	<b>2,804.64</b>	<b>-</b>	<b>16,264.00</b>

## 39 Capital management

### Risk management

The Company's objectives when managing capital are to

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

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

	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
The capital composition is as follows:		
Net debt#	8,025.85	8,927.55
Total equity	15,704.76	15,175.52
Net debt to equity ratio	51%	59%

# 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)

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

for the year ended 31 March 2021

### 40 Net debt reconciliation

	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Cash and cash equivalents	90.39	67.13
Non- current borrowings	(3,647.00)	(4,016.02)
Current borrowings	(4,460.00)	(4,969.00)
Interest Payable	(9.24)	(9.66)
<b>Net Debt</b>	<b>(8,025.85)</b>	<b>(8,927.55)</b>

	Cash and cash equivalents and bank overdraft	Non current borrowings	Current borrowings	Interest Payable	Total
( ₹ in lakhs)					
<b>Net as at 01 April 2019</b>	<b>36.11</b>	<b>(3,705.76)</b>	<b>(4,014.67)</b>	<b>(60.90)</b>	<b>(7,745.22)</b>
Cash flows	31.02	(358.62)	(913.07)	-	(1,240.67)
IND AS adjustments	-	(74.14)	-	91.12	16.98
Foreign Exchange adjustments	-	122.50	(41.26)	(122.50)	(41.26)
Finance Cost Expense *	-	-	-	(1,282.43)	(1,282.43)
Finance Cost Paid *	-	-	-	1,365.05	1,365.05
<b>Net as at 31 March 2020</b>	<b>67.13</b>	<b>(4,016.02)</b>	<b>(4,969.00)</b>	<b>(9.66)</b>	<b>(8,927.55)</b>
Cash flows	23.26	432.68	516.22	-	972.16
IND AS adjustments	-	(63.66)	-	39.73	(23.93)
Foreign Exchange adjustments	-	-	(7.22)	-	(7.22)
Finance Cost Expense *	-	-	-	(1,064.64)	(1,064.64)
Finance Cost Paid *	-	-	-	1,025.33	1,025.33
<b>Net as at 31 March 2021</b>	<b>90.39</b>	<b>(3,647.00)</b>	<b>(4,460.00)</b>	<b>(9.24)</b>	<b>(8,025.85)</b>

\* excluding expenses/ payments towards lease arrangements

### 41 Leases

Particulars	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
<b>The Balance sheet discloses the following amounts relating to leases:</b>		
<b>Right-of-use assets</b>		
Buildings	11.07	19.35
Plant and equipment	217.91	295.24
	<b>228.98</b>	<b>314.59</b>
<b>Lease liabilities</b>		
Current	108.22	147.04
Non-current	16.75	62.63
	<b>124.97</b>	<b>209.67</b>

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

for the year ended 31 March 2021

Amounts recognised in statement of profit and loss	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
<b>Depreciation charge on Right-of-use assets</b>		
Buildings	8.28	8.28
Plant and equipment	162.91	72.54
	<b>171.19</b>	<b>80.82</b>
Interest expense included in finance cost	23.92	16.98
Expense relating to short-term leases	16.74	12.67
Expense relating to leases of low-value assets that are not shown above as short-term leases	-	-
Expense relating to variable lease payments not included in lease liability	-	-
Total cash outflow for leases during current financial year (excluding short term leases)	139.40	66.12
Additions to the right of use assets during the current financial year	85.58	238.47

### 42 Research and development expenditure

	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
Revenue expenditure charged to Statement of Profit and Loss (under notes 32, 34 and 35)	1,386.66	1,451.73
Capital Expenditure	92.84	70.72
	<b>1,479.50</b>	<b>1,522.45</b>

### 43 Related party disclosures

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

#### A. List of related parties and relationship (to the extent where transactions have taken place and relationship of control) :

##### (i) Subsidiaries

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

##### (ii) Key Managerial Personnel:

Dr. Anwar S. Daud	<b>Nature of relationship</b> Managing Director and shareholder with significant influence
Mr. Zulfiquar Kamal	Director (Finance)
Mr. Riaz A. Kamal	Director (Administration)
Mr. Niraj Dhadiwal	Director (Business Development)
Mr. Prakash Sapkal	Director (Operations)
Dr.Naresh Gaikwad	Independent Director
Dr. V.V. Parashar	Independent Director
Mr. Suprakash. Chakravarty	Independent Director
Mr. Padmakar Joshi	Independent Director
Mrs. Kavita Loya	Independent Director



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

for the year ended 31 March 2021

Mr. Piyush Nikhade	Company Secretary & Compliance Officer	
Mr. Shyam Mohan Patro	Chief Financial Officer	
(iii) Other relatives:		
Mrs. Tasneem Daud	Wife of Managing Director	
Mrs. Sabbah Kamal	Wife of Director (Finance)	
Dr. Nidhi Sapkal	Wife of Director (Operations)	
Mr. Hasan Kamal	Son of Director (Finance)	
Mr. Shabbar Daud	Brother of Managing Director	
(iv) Other Significant influences		
AA Development Capital India Fund 1, LLC	Investor exercising significant influence	
<b>B. Related Party Disclosures:</b>		
	<b>Year ended 31 March 2021 (₹ in lakhs)</b>	<b>Year ended 31 March 2020 (₹ in lakhs)</b>
<b>Nature of transactions</b>		
<b>1) Remuneration</b>		
Dr. Anwar S. Daud	110.00	100.00
Mr. Riaz A. Kamal	26.50	24.00
Mr. Zulfiquar Kamal	73.75	65.00
Mr. Niraj Dhadiwal	58.84	50.62
Mr. Prakash Sapkal	57.83	49.62
Mr. Piyush Nikhade	16.77	17.00
Mr. Shyam Mohan Patro	61.92	52.49
<b>2) Director's fees and commission</b>		
Dr. Naresh Gaikwad	1.00	1.00
Dr. V.V. Parashar	1.00	1.00
Mr. Suprakash. Chakravarty	1.00	1.00
Mr. Padmakar Joshi	1.00	1.00
Mrs. Kavita Loya	6.00	6.00
<b>3) Professional Fees</b>		
Dr. Nidhi Sapkal	24.00	24.00
Zim Health Technologies Limited	119.50	39.00
<b>4) Rent paid</b>		
Dr. Anwar S. Daud	10.56	9.60
Mrs. Sabbah Kamal	2.40	2.40
The remuneration to Key management personnel does not include provision for employee benefits determined on actuarial basis.		
<b>5) Share Application Money received, shares were allotted during the year under ESOS</b>		
Mr. Niraj Dhadiwal	2.50	2.50
Mr. Prakash Sapkal	2.50	2.50

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

for the year ended 31 March 2021

	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
<b>6) Dividend Paid</b>		
Dr. Anwar S. Daud	-	22.23
Mr. Riaz A. Kamal	-	0.02
Mr. Zulfiquar Kamal	-	1.99
Mr. Niraj Dhadiwal	-	0.50
Mr. Prakash Sapkal	-	0.50
AA Development Capital India Fund 1, LLC	-	17.83
Mrs. Sabbah Kamal	-	2.50
Mrs. Tasneem Daud	-	0.05
Dr. Nidhi Sapkal	-	0.11
Mr. Hasan Kamal	-	0.17
Mr. Shabbar Daud	-	0.07
<b>7) Sales</b>		
Zim Laboratories FZE,UAE	1,896.04	984.08
<b>8) Acquisition of subsidiary (Zim Health Technologies Limited)</b>		
Dr. Anwar S. Daud	-	2.50
Mr. Zulfiquar Kamal	-	2.45
Mr. Prakash Sapkal	-	0.01
Dr. Nidhi Sapkal	-	0.01
Mrs. Tasneem Daud	-	0.01
Mrs. Sabbah Kamal	-	0.01
<b>9) Investment</b>		
Zim Laboratories FZE,UAE	-	283.23
Zim Health Technologies Limited, India	-	35.00
SIA Zim Laboratories Limited, Latvia	-	30.87

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

for the year ended 31 March 2021

	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
<b>Balances outstanding at year end</b>		
<b>Advance for expenses to Key Managerial Personnel</b>		
Dr. Anwar S. Daud	4.79	14.11
<b>Payable to Key Managerial Personnel</b>		
Dr. Anwar S. Daud	3.41	-
Mr. Zulfiquar Kamal	0.02	5.09
Mr. Riaz A. Kamal	3.15	0.73
Mr. Niraj Dhadiwal	2.94	3.41
Mr. Prakash Sapkal	4.29	3.62
Mr. Piyush Nikhade	2.25	0.88
Mr. Shyam Mohan Patro	14.23	3.40
<b>Trade Payable</b>		
Dr. Anwar S. Daud	9.75	6.48
Dr. Nidhi Sapkal	2.21	2.16
Mrs. Sabbah Kamal	0.24	2.12
Zim Health Technologies Limited, India	55.88	2.70
Dr. Naresh Gaikwad	0.26	0.27
Dr. V.V. Parashar	0.46	0.28
Mr. Suprakash. Chakravarty	0.26	0.90
Mr. Padmakar Joshi	0.36	0.54
Mrs. Kavita Loya	1.78	2.90
<b>Trade Receivables</b>		
Zim Laboratories FZE, UAE	132.19	676.07

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

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
<b>Executive Directors compensation</b>		
a) Short- term employee benefits	326.20	288.39
b) Post- employment benefits	0.72	0.85
<b>Total compensation *</b>	<b>326.92</b>	<b>289.24</b>

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

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

for the year ended 31 March 2021

### 44 Contingent Liabilities and Commitments

#### (A) Contingent Liabilities

	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Income tax	551.42	551.42
Gram Panchayat Tax	6.69	6.69
Export obligation-Advance License	46.49	31.16
<b>Total</b>	<b>604.60</b>	<b>589.27</b>

#### Notes:

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

#### Other Matter

The Honourable Supreme Court, had passed a judgement on 28 February 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The management, based on legal advice, is of the view that the applicability of the judgement to the Company, with respect to the period and the nature of allowances to be covered due to interpretative challenges, and resultant impact on the past provident fund liability, cannot be reasonably ascertained.

#### (B) Commitments

	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Estimated value of contracts in capital account remaining to be executed (net of capital advance)	104.77	200.29

### 45 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 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Employer's Contribution to Provident fund	108.20	116.73
Employer's Contribution to ESIC	12.32	16.96
Employer's Contribution to Labour welfare fund	0.33	0.37

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

for the year ended 31 March 2021

### (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 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
<b>Mortality Table</b>	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Discount rate	6.49%	6.59%
Salary growth rate	5.00%	5.00%
Withdrawal rate	12.00%	12.00%
Expected rate & return on Plan assets	6.49%	6.59%
<b>Changes in the Fair value of Plan Assets</b>		
Present Value of Plan Assets at the beginning of the year	480.47	395.88
Investment Income	31.67	29.61
Employer's Contribution	63.62	62.07
Benefits Paid	-	-
Actuarial adjustment: Return on plan assets, excluding amount recognised in net interest expense	(0.36)	(7.09)
Fair Value of Plan Assets at the end of the year	<b>575.40</b>	<b>480.47</b>
<b>Changes in the Present Value of Obligation</b>		
Present Value of Obligation at the beginning of the year	535.64	453.36
Current Service Cost	48.23	43.06
Interest Expenses or Cost	35.30	33.91
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in the demographic assumptions	-	-
- change in the financial assumptions	3.08	21.88
- experience variance (i.e. Actual experience v/s assumptions)	50.88	9.07
Past Service Cost	-	-
Benefits Paid	(21.64)	(25.64)
<b>Present Value of Obligation at the end of the year</b>	<b>651.49</b>	<b>535.64</b>

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

for the year ended 31 March 2021

	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
<b>Amount recognised in the Balance Sheet</b>		
Present Value of Obligation at the end of the year	651.49	535.64
Fair Value of Plan Assets at the end of the year	(575.40)	(480.47)
<b>Net Liability recognised at the end of the year</b>	<b>76.09</b>	<b>55.17</b>
<b>Percentage of each category of plan assets to total fair value of plan assets as at year end:</b>		
Administered by Life Insurance Corporation of India	100.00%	100.00%
	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
<b>Expenses recognised in the Statement of Profit and Loss</b>		
Current Service Cost	48.23	43.06
Past Service Cost	-	-
Loss/ (Gain) on settlement	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	3.64	4.30
<b>Total expenses recognised in the Statement of Profit and Loss</b>	<b>51.87</b>	<b>47.36</b>
<b>Actuarial (gains) / losses</b>		
Actuarial (Gains)/Losses on Obligation For the Period	53.96	30.95
Return on Plan Assets, Excluding Interest Income	0.36	7.09
<b>Actuarial (Gain)/ Loss recognised in Other Comprehensive Income</b>	<b>54.32</b>	<b>38.04</b>
	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
<b>The defined benefit obligations shall mature after year end 31 March 2021 as follows :</b>		
Year 1	113.07	87.83
Year 2	78.55	73.41
Year 3	76.04	59.47
Year 4	79.03	57.66
Year 5	78.45	60.83
Thereafter	526.55	452.72



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

for the year ended 31 March 2021

### 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 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Defined Benefit Obligation (Base)	651.49	535.64

	Year ended 31 March 2021 ₹ lakhs		Year ended 31 March 2020 ₹ lakhs	
	Decrease	Increase	Decrease	Increase
Discount Rate ( -/+ 1%)	32.67	(29.40)	27.18	(24.45)
(% change compared to base due to sensitivity)	5.0%	-4.5%	5.1%	-4.6%
Salary Growth Rate ( -/+ 1%)	(27.06)	29.27	(23.13)	24.87
(% change compared to base due to sensitivity)	-4.2%	4.5%	-4.3%	4.6%
Attrition Rate ( -/+ 0.50%)	2.92	(3.25)	2.30	(2.59)
(% change compared to base due to sensitivity)	0.4%	-0.5%	0.4%	-0.5%

### (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 ₹ 114.20 lakhs (Previous Year: ₹ 76.53 lakhs).

## 46 Segment information

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

### Information about geographical areas are as under :

Particulars	31 March 2021			31 March 2020		
	In India	Outside India	Total	In India	Outside India	Total
Revenue from operations	7,609.80	22,753.14	30,362.94	9,326.92	18,105.05	27,431.97
Carrying amount of segment assets (non-current)	11,170.00	756.94	11,926.94	11,902.39	806.88	12,709.27
Carrying amount of segment assets (current)	12,016.97	5,479.33	17,496.30	13,773.89	3,558.46	17,332.35
Capital expenditure for the year	663.44	134.12	797.56	1,671.50	339.28	2,010.78
- Tangible	641.83	-	641.83	1,666.00	-	1,666.00
- Intangible	21.61	134.12	155.73	5.50	339.28	344.78

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

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

for the year ended 31 March 2021

### 47 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 2021 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.  Nomination & Remuneration committee at its meeting dated 14 August 2018 and the Shareholders in the Annual General Meeting held on 21 September 2018 had approved the ZIM Laboratories Limited Employees Stock Option Scheme 2015, as amended in accordance with the requirements of SEBI (Share Based Employee Benefit), Regulations 2014. Shareholders in above Annual General Meeting had also approved issue of bonus shares in the ratio of 1:1 to shareholders holding shares as on Record Date i.e. 06 October 2018. Accordingly, the outstanding options as at 6 October 2018 had been adjusted for issue of bonus shares.
2	Total number of stock options approved	1,83,665
3	Vesting schedule	01 June 2016 - 30,625 equity shares  01 June 2017 - 30,608 equity shares  01 June 2018 - 61,216 equity shares  01 June 2019 - 61,216 equity shares
4	Maximum term of Options granted (years)	5
5	Source of shares (Primary, Secondary or combination)	Primary
6	Variation in terms of options	NA
7	Price per option	At Face value (i.e. ₹ 10 )
8	The exercise period	Exercise anytime within one year from date of vesting.
9	Vested during the year	-
10	Exercised during the year	61,216
11	Weighted average price* (₹)	117.81 (before adjustment towards issue of bonus shares)

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

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

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

for the year ended 31 March 2021

II. Weighted average exercise price of Options granted during the year whose	
Particulars	Particulars
Exercise price equals fair value	Nil
Exercise price is greater than fair value	Nil
Exercise price is less than fair value	Nil

III. Weighted average fair value of Options granted during the year whose	
Particulars	Particulars
Exercise price equals fair value	Nil
Exercise price is greater than fair value	Nil
Exercise price is less than fair value	Nil

IV. The movement of stock options during the year ended 31 March 2021 are summarized below:	
Particulars	Number of options
Options outstanding at the beginning of the year	Nil
Options Forfeited / lapsed during the year	Nil
Options vested during the year	Nil
Options exercised during the year	61,216
Money realised by exercise of options	₹ 6.12 lakhs
Expired during the year	Nil
Options outstanding at the end of the year	Nil
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 2021 is as follows:

Grant Date	Number of options	Vesting Date	Exercise End Date	Exercise Price	Expected remaining contractual life
		Nil			

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

Particulars	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Exercised during the year	6.12	6.12
There are no cash settled plans implemented by the Company and hence there is no further liability booked in the books.		

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

Particulars	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Within one year	-	6.12
Between two years to five years	-	-

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

for the year ended 31 March 2021

### 48 Earnings in foreign currency (accrual basis)

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Exports at F.O.B. value	20,722.77	15,999.33
Product development income	449.65	944.82
Sale of Dossiers	225.11	23.37
	<b>21,397.53</b>	<b>16,967.52</b>

### 49 Earnings per share

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
<b>I. Profit Computation for both Basic and Diluted Earnings per share:</b>		
Net Profit attributable to equity share holders (in ₹)	561.62	174.06
<b>II. Computation of weighted average number of equity shares :</b>		
Weighted average number of equity shares in calculating basic EPS	16,228,036	16,174,032
Weighted average number of equity shares in calculating diluted EPS	16,228,036	16,230,458
<b>III. Earnings Per Share:</b>		
Basic Earning Per Share (₹) (Face value of ₹ 10 per share)	3.46	1.07
Diluted Earning Per Share (₹) (Face value of ₹ 10 per share)	3.46	1.07

### 50 Contribution towards Corporate Social Responsibility (CSR)

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

Particulars	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Average net profit of the Company for last three financial years	1334.31	1970.54
Prescribed CSR expenditure (2% of the average net profit as computed above)	26.69	39.41
Details of CSR expenditure during the financial year :		
Total amount to be spent for the financial year	26.69	39.41
Amount spent	26.69	24.84
Amount unspent	-	14.57

Significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

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

For and on behalf of the Board of Directors

Adi P. Sethna  
Partner  
Membership No.: 108840

Anwar S. Daud  
Managing Director  
DIN: 00023529

Zulfiquar M. Kamal  
Director (Finance)  
DIN: 01786763

Shyam Mohan Patro  
Chief Financial Officer

Piyush Nikhade  
Company Secretary

Place: Mumbai  
Date: 29 May 2021

Place: Nagpur  
Date: 29 May 2021

Independent Auditor’s Report

To the Members of ZIM Laboratories Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of ZIM Laboratories Limited (‘the Holding Company’) and its subsidiaries (the Holding Company and its subsidiaries together referred to as ‘the Group’) as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements (‘the financial statements’) give the information required by the Companies Act, 2013 (‘Act’) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards (‘Ind AS’) specified under section 133 of the Act, of the consolidated state of affairs of the Group as at 31 March 2021, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matters
<p>a) <b>Capitalization and realisability of ‘Product Marketing Authorization’ Rights</b></p> <p>(Refer Note 2.1(f) to the accompanying consolidated financial statements for accounting policy and Note 5(A) and 5(B) for the related disclosures)</p> <p>The Company has applied for registration of its various pre-formulated products in different countries. The applications have been made to secure marketing rights/ product authorization’s in respective geographies, which are subject to regulatory approvals. The expenses towards registrations are capitalized as ‘Product Marketing authorizations’. ‘Product Marketing Authorization’ (marketing rights) primarily include costs pertaining to bioequivalence studies, analytical method validation studies and product registration costs in respective geographies.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"><li>• Obtained an understanding of the management process and controls for calculating the amount to be capitalized and their realisability, and assessed the consistency of the accounting policies with relevant accounting standards;</li><li>• Tested the mathematical accuracy of the amounts capitalized as marketing rights and also evaluated key assumptions regarding market potential used by the Company, on sample basis.</li></ul>



Independent Auditor’s Report  
on the Audit of the Consolidated Financial Statements

<p>Based on management's expectation of its commercial utilization of these products, these costs are amortized over a period of three years from date of capitalization.</p> <p>For marketing rights under process of approval, the primary risk relates to timely securing of requisite regulatory approvals. For capitalized marketing rights, the key risk is the ability to successfully commercialize the individual product concerned in the respective geography over the expected timelines.</p> <p>The assumptions/judgement applied by management in determining the recoverable value of such rights include expected contributions from projected business generated in respective countries. Changes in these assumptions could lead to an impairment to the carrying value of the intangible asset.</p> <p>Considering the amounts involved, inherent subjectivity and significant management judgement involved to estimate the recoverable value of the marketing rights, the matter has been considered to be a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"><li>• Verified sample of costs expensed to supporting documentation such as study reports, invoices and payment records to ensure the correctness of the amounts being expensed.</li><li>• Obtained an understanding from management as to the status of each marketing right under process and corroborating, on sample basis, these status assessments from the communications of the Company’s management (as distinct from the financial management function) with respective authorities.</li><li>• In respect of marketing rights for products that have received regulatory approvals, we assessed the useful life and amortization period for the capitalized costs and challenged their total estimated profitability based on results achieved till date</li><li>• In respect of marketing rights for products that are no longer considered viable, we determined whether the carrying amount had been appropriately written off.</li><li>• Evaluated the adequacy of the related disclosures made in the consolidated financial statements.</li></ul>
<p><b>b) Recoverability assessment of secured trade receivables</b></p> <p>(Refer Note 2.1(k) to the accompanying financial statement for accounting policy and 12 for trade receivable disclosures)</p> <p>As at 31 March 2021, the trade receivables of the Holding Company includes certain secured trade receivable. Trade receivables are stated at their original value less appropriate allowances for estimated irrecoverable amount and further adjusted for the receivables considered as not recoverable and written off.</p> <p>The impairment of trade receivables is calculated for each class of trade receivables using management’s judgement on expected realization, historical collection trends and realizable value of security for secured receivables, in accordance with the expected credit loss guidance prescribed by Ind AS 109: ‘Financial Instruments’.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"><li>• Obtained an understanding of the management’s process to determine the value of the security received for trade receivables and computation of expected credit loss for such secured assets.</li><li>• Evaluated the design, implementation and tested the operating effectiveness of the Company’s key internal controls over the provisioning of secured trade receivables;</li><li>• Inspected the escrow agreement entered between the Company and its shareholder to confirm our understanding obtained from the management with respect to the security of the trade receivable. Scrutinized the agreement for any terms indicating possible conditions precedent that are required to be met before encashing the available security to set off outstanding debts.</li></ul>

Independent Auditor’s Report  
on the Audit of the Consolidated Financial Statements

<p>For the trade receivables secured against the shares of the Company pledged with an escrow agent pursuant to an escrow agreement entered between the Company and its former chairman, the management estimates the expected realizable value less cost of disposal of such shares to determine the provision required to be made for the secured debtors. Such estimation involves management judgement and estimation uncertainty due to possible price variation that may occur over the period over which such shares are expected to be liquidated to recover the dues.</p> <p>Considering the nature of the arrangement, materiality of secured trade receivable balances and the judgements involved in the estimation of expected credit losses on such class of trade receivables, this matter is considered to be a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"><li>• Assessed the reasonableness of management’s estimates and assumptions used to determine the value of security in respect of secured trade receivables and expected costs in order to test the impairment, if any, on specific secured trade receivables;</li><li>• Evaluated appropriateness of disclosures made in the consolidated financial statements with respect to the trade receivables and for underlying security in shares of the Company.</li></ul>
<p><b>Information other than the Consolidated Financial Statements and Auditor’s Report thereon</b></p> <p>6. The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor’s report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.</p> <p>Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.</p> <p><b>Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements</b></p>	<p>7. The accompanying consolidated financial statements have been approved by the Holding Company’s Board of Directors. The Holding Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company’s Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management of the companies included in the Group, covered under the Act, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free</p>

# Independent Auditor’s Report

## on the Audit of the Consolidated Financial Statements

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.

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

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

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent

# Independent Auditor’s Report

## on the Audit of the Consolidated Financial Statements

auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

15. We did not audit the financial statements of two subsidiaries, whose financial statements (before eliminating inter company balances) reflect total assets of ₹ 1,388.11 lakhs and net assets of ₹ 1,134.97 lakhs as at 31 March 2021, total revenues (before eliminating inter company transactions) of ₹ 2,404.27 lakhs and net cash outflows amounting to ₹ 61.40 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose audit reports have been furnished to us by the management, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included

in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the audit reports of such other auditors.

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

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

16. We did not audit the financial statements of one subsidiary, whose financial statements (before eliminating inter company balances) reflects total assets of ₹ 56.49 lakhs and net assets of ₹ 22.39 lakhs as at 31 March 2021, total revenues (before eliminating inter company transactions) of ₹ Nil lakhs and net cash inflow amounting to ₹ 34.27 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid 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 are based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

Independent Auditor’s Report  
on the Audit of the Consolidated Financial Statements

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

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act, based on our audit and on the consideration of the report of the other auditor, referred to in paragraph 15, on separate financial statements of the subsidiary, we report that the Holding Company and its subsidiary company covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
18. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors,
  - c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;
  - e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory

auditors of its subsidiary company covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act;

- f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in ‘Annexure I’; and
- g) with respect to the other matters to be included in the Auditor’s Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:
  - i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
  - ii. The Group, did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;
  - iii. following are the instances of delays in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company:  
Unpaid dividend for Financial Year 2011-12 amounting to ₹ 6.87 lakhs;  
Unpaid dividend for Financial Year 2012-13 amounting to ₹ 6.32 lakhs; and

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

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm’s Registration No.: 001076N/N500013  
  
**Adi P. Sethna**  
Partner  
Membership No: 108840  
UDIN: 21108840AAAAC07615  
  
Place: Mumbai  
Date: 29 May 2021

Annexure 1

List of entities included in the Statement

Wholly owned Subsidiary companies

- ZIM Laboratories FZE
- ZIM Health Technologies Limited and
- SIA “ZIM Laboratories Limited”



Annexure A

Independent Auditor’s Report on the Audit of the Consolidated Financial Statements

Annexure A to the Independent Auditor’s Report of even date to the members of ZIM Laboratories Limited on the consolidated financial statements for the year ended 31 March 2021

Independent Auditor’s Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (‘the Act’)

- 1. In conjunction with our audit of the consolidated financial statements of ZIM Laboratories Limited (‘the Holding Company’) and subsidiaries (the Holding Company and its subsidiaries together referred to as ‘the Group’), as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its Indian subsidiary, which are Companies covered under the Act, as at that date.

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

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

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

- 3. Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company, based on our audit. The audit of internal financial controls of a subsidiary, which is a company covered under the Act, and reporting under Section 143(3)(i) is exempted vide MCA notification no. G.S.R. 583(E) dated 13 June 2017 read with corrigendum dated 14 July 2017. We conducted our audit

in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

- 4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

- 5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

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

use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

Opinion

- 8. In our opinion the Holding Company which is a company covered under the Act, has in all material respects, adequate internal financial controls with reference to consolidated financial statements and such controls were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Adi P. Sethna  
Partner  
Membership No.: 108840  
UDIN: 21108840AAAACO7615

Place: Mumbai  
Date: 29 May 2021

Annexure A (Contd)

Independent Auditor’s Report on the Audit of the Consolidated Financial Statements

## Consolidated Balance sheet

as at 31 March, 2021

	Note	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3	10,067.69	10,742.85
Capital work-in-progress	4	456.13	474.24
Goodwill on consolidation	5(A)	16.94	16.94
Other intangible assets	5(A)	567.41	832.34
Intangible assets under development	5(B)	612.19	488.15
Financial Assets			
Investments	6	5.15	5.15
Other financial assets	7	270.10	239.90
Deferred tax assets (net)	8	260.64	532.81
Income tax (current-tax) assets (net)	9	479.80	371.90
Other non-current assets	10	566.15	622.91
		<b>13,302.20</b>	<b>14,327.19</b>
<b>Current assets</b>			
Inventories	11	5,434.72	5,638.91
Financial Assets			
Trade receivables	12	7,225.13	6,792.70
Cash and cash equivalents	13	139.25	146.10
Bank balances other than cash and cash equivalents	14	695.91	248.96
Loans	15	8.20	16.12
Other financial assets	16	980.61	645.48
Other current assets	17	4,692.20	4,714.78
		<b>19,176.02</b>	<b>18,203.05</b>
<b>TOTAL ASSETS</b>		<b>32,478.22</b>	<b>32,530.24</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	18	1,624.19	1,618.07
Other equity	19	14,450.81	13,764.03
		<b>16,075.00</b>	<b>15,382.10</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	20	2,182.92	2,742.01
Other financial liabilities	21	16.75	62.63
		<b>2,199.67</b>	<b>2,804.64</b>
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	22	4,460.00	4,969.00
Trade payables	23	-	-
- total outstanding due of micro enterprises and small enterprises		-	-
- total outstanding due of creditors other than micro enterprises and small enterprises		6,487.10	6,600.11
Other financial liabilities	24	2,084.26	1,917.40
Other current liabilities	25	1,031.81	751.06
Provisions	26	140.38	105.93
		<b>14,203.55</b>	<b>14,343.50</b>
<b>TOTAL LIABILITIES</b>		<b>16,403.22</b>	<b>17,148.14</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>32,478.22</b>	<b>32,530.24</b>
Significant accounting policies and other explanatory information	1 - 50		-

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

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

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

Place: Mumbai  
Date: 29 May 2021

For and on behalf of the Board of Directors

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

**Shyam Mohan Patro**  
Chief Financial Officer

Place: Nagpur  
Date: 29 May 2021

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

**Piyush Nikhade**  
Company Secretary

## Consolidated Statement of Profit and Loss

for the year ended 31 March, 2021

	Note	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
<b>I. Income</b>			
Revenue from operations	27	30,726.33	27,773.92
Other income	28	233.69	452.08
<b>Total Income</b>		<b>30,960.02</b>	<b>28,226.00</b>
<b>II. Expenses</b>			
Cost of materials consumed	29	15,282.21	13,366.79
Purchase of stock in trade	30	691.59	1,587.17
Changes in inventories of finished goods and work-in-progress	31	(110.53)	(639.97)
Employee benefits expense	32	3,576.29	3,534.58
Finance costs	33	1,089.82	1,265.45
Depreciation and amortisation expense	34	1,578.90	1,441.16
Other expenses	35	7,310.54	7,663.96
<b>Total Expenses</b>		<b>29,418.82</b>	<b>28,219.14</b>
<b>III. Profit before exceptional item and tax</b>	35(A)	1,541.20	6.86
Exceptional Items- loss		(518.08)	-
<b>IV. Profit before tax</b>		<b>1,023.12</b>	<b>6.86</b>
<b>V. Tax (expense)/credit:</b>			
(i) Current Tax	36	(3.02)	-
(ii) Tax adjustment pertaining to earlier years		(0.35)	12.33
(iii) Deferred Tax		(288.00)	310.47
		(291.37)	322.80
<b>VI. Net Profit After Tax</b>		<b>731.75</b>	<b>329.66</b>
<b>VII. Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
- Measurements of defined employee benefit plans		(54.32)	(38.04)
- Income tax relating to items that will not be reclassified to profit or loss		15.82	11.08
<b>Items that may be reclassified to profit or loss</b>			
- Gains and losses arising from translating the financial statements of foreign operation		(6.47)	61.08
		<b>(44.97)</b>	<b>34.12</b>
<b>VIII. Total Comprehensive Income</b>		<b>686.78</b>	<b>363.78</b>
<b>IX. Earnings per equity share: Nominal value of ₹ 10 each</b>			
Basic (In ₹)	49	4.50	2.03
Diluted (In ₹)		4.50	2.03
Significant accounting policies and other explanatory information	1 - 50		

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

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

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

Place: Mumbai  
Date: 29 May 2021

For and on behalf of the Board of Directors

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

**Shyam Mohan Patro**  
Chief Financial Officer

Place: Nagpur  
Date: 29 May 2021

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

**Piyush Nikhade**  
Company Secretary

## Consolidated Statement of Cash Flow

for the year ended 31 March 2021

	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
<b>Cash flow from operating activities</b>		
<b>Profit/ (Loss) before exceptional item and tax</b>	<b>1,541.20</b>	<b>6.86</b>
Depreciation and amortisation expense	1,578.90	1,441.16
Government Incentive	(8.20)	(8.69)
Interest on Lease deposits	(7.95)	(7.08)
(Profit)/Loss on sale of property, plant and equipment (net)	(0.60)	0.53
Property, plant and equipment Written off	-	2.22
Unrealized Foreign Exchange (Gain)/Loss	(85.61)	(51.46)
Provision for employee benefits	(19.87)	0.58
Dividend income on investments	-	(0.60)
Interest income	(34.02)	(18.86)
Bad debts Written off	66.82	-
Employee compensation cost (ESOP costs)	-	1.52
Finance costs	1,089.82	1,265.45
<b>Operating profit before working capital changes</b>	<b>4,120.49</b>	<b>2,631.63</b>
Movement in working capital :		
Increase/(decrease) in trade & other payables and provisions	263.23	(1,520.08)
(Increase)/decrease in inventories	204.19	(133.64)
(Increase)/decrease in trade and other receivables	(1,291.51)	1,709.44
<b>Net Cash generated from operations</b>	<b>3,296.40</b>	<b>2,687.35</b>
Direct taxes paid (net of refunds)	(111.27)	(495.83)
<b>Net cash generated from operating activities (A)</b>	<b>3,185.13</b>	<b>2,191.52</b>
<b>Cash flow from investing activities</b>		
Purchases of property, plant and equipment and intangibles (refer note ii)	(647.71)	(1,852.77)
Sale proceeds of property, plant and equipment	0.59	3.60
Payment for acquisition of business , net of cash acquired	-	(5.00)
(Investments)/Maturity in bank deposits (having original maturity of more than three months) (net)	19.73	(68.22)
Restricted Cash	-	(33.11)
Interest received	39.30	14.40
Dividend received	-	0.60
<b>Net cash (used in) investing activities (B)</b>	<b>(588.09)</b>	<b>(1,940.50)</b>

## Consolidated Statement of Cash Flow

for the year ended 31 March 2021 (Contd.)

	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity share	6.12	6.12
Proceeds from long term borrowings	1,916.77	3,500.00
(Repayment) of long term borrowings	(2,349.45)	(3,141.38)
(Repayment)/proceeds of short term borrowings	(516.22)	913.06
(Repayment) of lease obligations	(139.40)	(66.12)
Deposits with bank towards margin money against borrowings (net)	(488.65)	34.65
Finance costs paid	(1,026.59)	(1,365.05)
Changes in unclaimed dividend bank balances	2.44	(6.42)
Dividends paid on equity shares (including unclaimed)	(2.44)	(74.48)
Tax on equity dividend paid	-	(16.63)
<b>Net cash (used in) financing activities (C)</b>	<b>(2,597.42)</b>	<b>(216.25)</b>
<b>Change in currency fluctuation reserve arising on consolidation (D)</b>	<b>(6.47)</b>	<b>61.08</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C+D)</b>	<b>(6.85)</b>	<b>95.85</b>
Cash and cash equivalents taken over from acquired company	-	0.34
Opening cash and cash equivalents	146.10	49.91
<b>Closing cash and cash equivalents</b>	<b>139.25</b>	<b>146.10</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	6.18	17.31
Balances with banks in:		
- Current accounts	133.07	128.79
<b>Total Cash and cash equivalents (Refer note 13)</b>	<b>139.25</b>	<b>146.10</b>

### Notes:

- The consolidated statement of cash flow has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.
- Includes capital work-in-progress and intangible assets under development.

Significant accounting policies and other explanatory information 1 - 50

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

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors

**Adi P. Sethna**

Partner

Membership No.: 108840

**Anwar S. Daud**

Managing Director

DIN: 00023529

**Zulfiqar M. Kamal**

Director (Finance)

DIN: 01786763

**Shyam Mohan Patro**

Chief Financial Officer

**Piyush Nikhade**

Company Secretary

Place: Mumbai

Date: 29 May 2021

Place: Nagpur

Date: 29 May 2021



## Consolidated Statement of Changes in Equity

for the year ended 31 March 2021

### Equity share capital (Refer note 18)

	Number of shares	₹ lakhs
As at 01 April 2019	16,119,506	1,611.95
Changes during the year	61,216	6.12
As at 31 March 2020	16,180,722	1,618.07
Changes during the year	61,216	6.12
As at 31 March 2021	16,241,938	1,624.19

### Other equity (Refer note 19)

	Securities Premium	Reserves & Surplus General Reserve	Foreign currency translation reserve	Retained earnings	Employee stock options	Total
<b>Opening balance as at 1 April 2019</b>	4,027.31	106.20	(8.68)	9,252.37	122.69	13,499.89
<b>Transactions during the year</b>						
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	329.66	-	329.66
Dividend	-	-	-	(80.90)	-	(80.90)
Dividend distribution tax	-	-	-	(16.63)	-	(16.63)
Employee Stock Option expenses	-	-	-	-	1.52	1.52
Adjustment towards fair value of ESOP	-	-	-	52.65	(52.65)	-
Transfer from ESOP	35.78	-	-	-	(35.78)	-
Lease adjustment (Refer note 42)	-	-	-	(3.63)	-	(3.63)
OCI for the year	-	-	61.08	(26.96)	-	34.12
<b>Closing balance as at 31 March 2020</b>	<b>4,063.09</b>	<b>106.20</b>	<b>52.40</b>	<b>9,506.56</b>	<b>35.78</b>	<b>13,764.03</b>
<b>Transactions during the year</b>						
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	731.75	-	731.75
Transfer from ESOP	35.78	-	-	-	(35.78)	-
OCI for the year	-	-	(6.47)	(38.50)	-	(44.97)
<b>Closing balance as at 31 March 2021</b>	<b>4,098.87</b>	<b>106.20</b>	<b>45.93</b>	<b>10,199.81</b>	<b>-</b>	<b>14,450.81</b>

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

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Adi P. Sethna**

Partner

Membership No.: 108840

For and on behalf of the Board of Directors

**Anwar S. Daud**

Managing Director

DIN: 00023529

**Shyam Mohan Patro**

Chief Financial Officer

Place: Mumbai

Date: 29 May 2021

Place: Nagpur

Date: 29 May 2021

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

for the year ended 31 March 2021

### 1. Background of the Company

ZIM Laboratories Limited ('the Company / Holding Company / Parent') is a public limited company domiciled in India. The Company is engaged in the manufacturing of formulation drugs and pre formulation ingredients in India and marketing and selling these within and outside India. Company also has wholly owned subsidiaries (Zim Laboratories FZE, UAE, SIA Zim Laboratories Limited, Latvia and Zim Health Technologies Limited, India) (the Company and its subsidiaries are together referred to as 'the Group') which are engaged in manufacturing & wholesale of pharmaceutical products, market research and research & development activities.

The consolidated financial statements ("the financial statements") of the Company for the year ended 31 March 2021 were authorised for issue in accordance with resolution of the Board of Directors on 29 May 2021.

### 2. Significant Accounting Policies

#### a Basis for preparation of financial statements

##### (i) Compliance with Ind AS

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

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

##### (ii) Historical cost convention

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

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

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

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

#### (iv) Rounding of amounts

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

#### b Principles of consolidation

##### - Subsidiary

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

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

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

#### c Use of estimates

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

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

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

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

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

for the year ended 31 March 2021

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

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

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

e Depreciation methods and estimated useful lives

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

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

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

f Intangible assets

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

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

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

g Research and development costs

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

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

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

h Measurement and recognition of leases

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

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

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

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

for the year ended 31 March 2021

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Group as a lessee

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

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

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

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

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

The Group has elected to account for short-term leases and leases of low-value assets using the exemption given under Ind AS 116, Leases. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term or on another systematic basis if that basis is more representative of the pattern of the Group’s benefit.

Group as a lessor

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

i Borrowings and other financial liabilities

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

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

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

j Borrowing costs

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

k Impairment of non-financial assets

Assessment is carried out at each Balance Sheet date as to whether there is any indication that an asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication of impairment exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to their recoverable amount. Recoverable amount is higher of an asset’s or cash generating unit’s net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. A previously

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

for the year ended 31 March 2021

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.

I Government grants

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

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

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

m Investments and financial assets

Classification

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

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

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

Measurement

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

Measurement of debt instruments

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

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

Measurement of equity instruments

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

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

for the year ended 31 March 2021

Impairment of financial assets

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

De-recognition of financial assets

A financial asset is derecognised only when

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

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

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

Interest income from financial assets

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

n Derivatives and embedded derivatives

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

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

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

o Cash and Cash Equivalents

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

p Inventories

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

q Foreign Currency Transactions

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



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

for the year ended 31 March 2021

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

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

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

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

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

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

r Revenue Recognition

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

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

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

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

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

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

Other operating revenue -

Product development income

Income from product development including sale of technology/know-how (rights, licenses and other intangibles) is recognised in accordance with the terms of the contract with customers when the related performance obligation is completed, or when risks and rewards of ownership are transferred, as applicable i.e. over time.

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

Export incentives

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

s Other Income

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

t Employee Benefits

Defined Contribution Plan

The group has Defined Contribution Plan for post employment benefit namely Provident Fund, Superannuation Fund etc., which are recognised by

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

for the year ended 31 March 2021

the income tax authorities and administered through appropriate authorities. The group contributes to a Government administered Provident Fund and has no further obligation beyond making its contribution.

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

Defined Benefit Plan - Gratuity

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

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

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

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

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

Compensated Absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. All other absences are treated as long term employee benefits. The obligation towards the same is measured at the expected cost

of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end. The group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Termination Benefits

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

Short-term benefits

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

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

u Current and Deferred Tax

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

Income tax (current-tax) assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation

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

for the year ended 31 March 2021

of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

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

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

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

v Provisions and Contingent Liabilities

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

Provisions are measured at the present value of

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

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

w Earnings per share

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

x Recent accounting pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2021.

y Critical estimates and judgements

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

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially

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

for the year ended 31 March 2021

adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgement are:

- Useful life and residual value of property, plant and equipment (PPE) and intangible assets
- Revenue Recognition
- Recognition and measurement of defined benefit obligations
- Valuation of taxes on income
- Provisions
- Share-based payments
- Impairment of financial assets (Refer note 12)

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

for the year ended 31 March 2021

#### Property, plant and equipment

	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Electric Installation	Furniture and Fixtures	Office Equipments	Vehicles	Right to use Assets	Total
									Leasehold Land	Other Right to use Assets
<b>Gross carrying amount</b>										
Balance as at 1 April 2019	1,023.32	512.66	3,985.38	5,765.79	166.50	795.91	243.84	155.06	-	12,648.46
Reclassified on account of adoption of Ind AS	-	(512.66)	-	-	-	-	-	-	485.23	(27.43)
116 'Leases' Transition impact on account of adoption of Ind AS	-	-	-	-	-	-	-	-	-	156.94
116 'Leases' Additions	-	-	308.35	1,087.38	-	128.22	28.21	19.69	-	1,810.32
Deletions	-	-	-	12.48	3.76	38.97	-	-	-	55.21
Balance as at 31 March 2020	1,023.32	-	4,293.73	6,840.69	162.74	885.16	272.05	174.75	485.23	14,533.08
Additions	-	-	70.17	289.65	-	72.59	44.88	-	97.80	660.67
Deletions	61.75	-	-	12.68	-	-	-	-	-	74.43
Balance as at 31 March 2021	961.57	-	4,363.90	7,117.66	162.74	957.75	316.93	174.75	583.03	15,119.32
<b>Accumulated Depreciation/ Amortisation</b>										
Balance as at 1 April 2019	-	27.43	446.99	1,724.05	68.58	250.59	123.34	63.77	-	2,704.75
Reclassified on account of adoption of Ind AS	-	(27.43)	-	-	-	-	-	-	-	(27.43)
116 'Leases' Charge for the year	-	-	160.80	712.96	22.92	99.80	58.37	22.91	3.18	1,161.76
Deletions	-	-	-	8.35	3.58	36.92	-	-	-	48.85
Balance as at 31 March 2020	-	-	607.79	2,428.66	87.92	313.47	181.71	86.68	3.18	3,790.23
Charge for the year	-	-	160.95	747.91	22.14	98.03	49.31	21.56	2.99	1,274.08
Deletions	-	-	-	12.68	-	-	-	-	-	12.68
Balance as at 31 March 2021	-	-	768.74	3,163.89	110.06	411.50	231.02	108.24	6.17	5,051.63
<b>Net carrying amount</b>										
Balance as at 31 March 2020	1,023.32	-	3,685.94	4,412.03	74.82	571.69	90.34	88.07	482.05	10,742.85
Balance as at 31 March 2021	961.57	-	3,595.16	3,953.77	52.68	546.25	85.91	66.51	576.86	10,067.69

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

for the year ended 31 March 2021

i Building includes those constructed on leasehold land:	As at 31 March 2021	As at 31 March 2020
Gross carrying amount	4,188.53	2,999.77
Depreciation charged during the year	153.72	114.14
Accumulated depreciation	744.14	441.10
Net carrying amount	3,444.39	2,558.67

- ii Vehicles includes vehicles in the personal name of directors & employees having Gross carrying amount ₹ 77.34 lakhs and net carrying value of ₹ 29.64 Lakhs  
(31 March 2020 - Gross carrying amount ₹ 77.34 lakhs and net carrying value of ₹ 39.08 Lakhs )
- iii Refer note 45 (B) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- iv Refer note 20 and 22 for information on property, plant and equipment pledged as security by the Company.

#### 4 Capital work-in-progress

	(₹ lakhs)
As at 31 March 2020	474.24
As at 31 March 2021	456.13

Note:

Capital work in progress as at 31 March 2021 includes cost incurred towards construction/development of Building and Plant and equipment of the Company.

#### 5(A) Intangible assets

	Softwares	Product marketing authorisation	Brands	Total	Goodwill on consolidation
<b>Gross carrying amount</b>					
Balance as at 1 April 2019	164.26	203.46	550.96	918.68	-
Additions	5.50	407.32	-	412.82	16.94
Deletions	-	-	-	-	-
Foreign exchange adjustment	-	-	41.82	41.82	-
Balance as at 31 March 2020	169.76	610.78	592.78	1,373.32	16.94
Additions	-	53.90	-	53.90	-
Deletions	-	-	-	-	-
Foreign exchange adjustment	-	-	(14.01)	(14.01)	-
Balance as at 31 March 2021	169.76	664.68	578.77	1,413.21	16.94
<b>Accumulated Amortisation</b>					
Balance as at 1 April 2019	133.45	100.58	27.55	261.58	-
Charge for the year	24.31	141.08	114.01	279.40	-
Deletions	-	-	-	-	-
Balance as at 31 March 2020	157.76	241.66	141.56	540.98	-
Charge for the year	3.29	184.05	117.48	304.82	-
Deletions	-	-	-	-	-
Balance as at 31 March 2021	161.05	425.71	259.04	845.80	-
<b>Net carrying amount</b>					
Balance as at 31 March 2020	12.00	369.12	451.22	832.34	16.94
Balance as at 31 March 2021	8.71	238.97	319.73	567.41	16.94



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

for the year ended 31 March 2021

### 5(B) Intangible assets under development

	(₹ lakhs)
As at 31 March 2020	488.15
<b>As at 31 March 2021</b>	<b>612.19</b>

Note:

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

#### Non-Current :

### 6 Investments

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
<b>Investment in Others:</b>		
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
<b>Investments in Government Securities</b>		
<b>Unquoted at amortised cost</b>		
National Saving Certificate	0.15	0.15
	<b>5.15</b>	<b>5.15</b>

### 7 Other financial assets

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Earnest money and security deposit	104.54	60.75
Bank deposit with maturity more than 12 months	165.56	179.15
Bank deposit includes fixed deposits with banks ₹ 165.56 lakhs (₹ 179.15 lakhs as at 31 March 2020) marked as lien for guarantees issued by banks on behalf of the Company and for borrowings taken by the Company		
	<b>270.10</b>	<b>239.90</b>

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

for the year ended 31 March 2021

### 8 Deferred tax assets / liability (net)

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
<b>Deferred tax liabilities</b>		
Property, plant and equipment: Difference between carrying value as per Income Tax laws and carrying value as per books of account under Companies Act, 2013	892.13	978.23
	<b>892.13</b>	<b>978.23</b>
<b>Deferred tax assets</b>		
Expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	14.66	20.82
Provision for doubtful debts, advances and deposits	26.29	258.26
Carry forward business losses/unabsorbed depreciation	55.16	182.97
Provision for employee benefits	40.88	30.85
Lease payments	4.16	4.16
	<b>141.15</b>	<b>497.06</b>
<b>Minimum alternative tax credit entitlement</b>	1,011.62	1,013.98
<b>Net Deferred Tax Asset/(Liability)</b>	<b>260.64</b>	<b>532.81</b>

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

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Advance income-tax (net of provision for taxation ₹ 1.32 lakhs) (31 March 2020: ₹ Nil)	479.80	371.90
	<b>479.80</b>	<b>371.90</b>

### 10 Other non-current assets

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
(Unsecured, considered good)		
Capital advances	479.79	540.59
Prepaid expenses	19.49	15.88
Security deposits	66.87	66.44
	<b>566.15</b>	<b>622.91</b>

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

for the year ended 31 March 2021

### Current :

#### 11 Inventories

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Raw materials and packing materials	3,058.52	3,349.90
Work-in-progress	1,073.59	552.01
Finished goods (Refer note 50)		
Goods-in-transit	159.77	257.12
Others	934.95	1,248.65
Stores and spares	207.89	231.23
	<b>5,434.72</b>	<b>5,638.91</b>

#### 12 Trade receivables (Refer note (a) below)

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Considered good	7,225.13	6,792.70
Trade receivables - credit impaired (Considered doubtful)	90.28	886.87
Trade receivables which have significant increase in credit risk	-	-
	7,315.41	7,679.57
Less: Provision for doubtful debts	(90.28)	(886.87)
	<b>7,225.13</b>	<b>6,792.70</b>

#### (a) Nature of Security

The Company had entered into an escrow agreement in 2017 (with subsequent renewals), with one of its shareholder wherein the shareholder has provided his holding to the extent of 10 Lakhs equity shares (including 5 Lakhs bonus shares) as security towards realization of certain aged trade receivables. The shares held in escrow account are proposed to be liquidated to meet the shortfall, if any, from recoveries of covered trade receivables. Accordingly, the final amount of recovery (security value) would depend on the shortfall in collections and future market value of equity shares at the time of settlement. However, till date Company has not been able to liquidate the equity shares held as security for realizing the receivables outstanding post partial recoveries against the original outstanding balance. Accordingly, the Company has conservatively written off the aforementioned trade receivables (net of amounts provided in earlier years) during the year ended 31 March 2021 (Refer note 35 (A)).

The recoveries from subsequent liquidation of the equity shares held under security will be recognized in the period in which the Company disposes of the security.

Refer note 38 for information about credit risk and market risk of trade receivables.

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

for the year ended 31 March 2021

#### 13 Cash and cash equivalents

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Cash on hand	6.18	17.31
Balances with banks in current accounts	133.07	128.79
	<b>139.25</b>	<b>146.10</b>

#### 14 Bank balances other than cash and cash equivalents

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Unclaimed dividend accounts	42.48	44.92
Margin money deposits	653.43	170.93
Deposit includes fixed deposits with banks ₹ 653.43 lakhs (₹ 170.93 lakhs as at 31 March 2020 ) marked as lien for guarantees issued by banks on behalf of the Company and for borrowings taken by the Company		
Restricted cash	-	33.11
	<b>695.91</b>	<b>248.96</b>

#### 15 Loans

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
(Unsecured, considered good)		
Loans to employees	8.20	16.12
	<b>8.20</b>	<b>16.12</b>
<b>Break-up of security details</b>		
Loans considered good - secured	-	-
Loans considered good - unsecured	8.20	16.12
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
<b>Total</b>	<b>8.20</b>	<b>16.12</b>
Loss allowance	-	-
<b>Total current loans</b>	<b>8.20</b>	<b>16.12</b>

#### 16 Other financial assets

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
(Unsecured, considered good)		
Earnest Money and security deposits	25.79	155.97
Interest Receivable:		
from Banks	2.70	7.98
Others	11.77	5.86
Unbilled Revenue	940.35	475.67
	<b>980.61</b>	<b>645.48</b>

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

for the year ended 31 March 2021

### 17 Other current assets

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
(Unsecured, considered good unless otherwise specified)		
<b>Advances other than capital advances</b>		
Advance to suppliers	1,500.06	2,034.85
Advance against expenses to related party (Refer note 44)	4.79	14.11
Balances with government authorities	3,046.91	2,519.28
Prepaid expenses	140.44	146.54
	<b>4,692.20</b>	<b>4,714.78</b>

### 18 Equity share capital

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
<b>Authorised</b>		
25,000,000 (31 March 2020: 25,000,000) equity shares of ₹ 10 each	2,500.00	2,500.00
<b>Issued</b>		
16,241,938 (31 March 2020: 16,180,722) equity shares of ₹ 10 each fully paid up	1,624.19	1,618.07
<b>Subscribed and Paid-Up:</b>		
16,241,938 (31 March 2020: 16,180,722) equity shares of ₹ 10 each fully paid up	1,624.19	1,618.07
	1,624.19	1,618.07

#### (a) Reconciliation of Share Capital:

	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	₹ lakhs	No. of Shares	₹ lakhs
Balance as at the beginning of the year	16,180,722	1,618.07	16,119,506	1,611.95
Add: Shares issued during the year	61,216	6.12	61,216	6.12
Balance as at the end of the year	16,241,938	1,624.19	16,180,722	1,618.07

#### (b) Rights, preferences and restrictions

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	% of Holding	No. of Shares	% of Holding
<b>Equity Shares:</b>				
AA Development Capital India Fund 1, LLC	3,565,304	21.95%	3,565,304	22.03%
Anwar Daud*	4,445,440	27.37%	4,445,440	27.47%
Zakir Vali	2,849,140	17.54%	2,849,140	17.61%

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

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

for the year ended 31 March 2021

#### (d) Shares reserved for issue under options

Refer note 48 for details of shares reserved for issue under the employee stock option scheme (ESOS) of the Company.

### 19 Other equity

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Securities premium *	4,098.87	4,063.09
General reserve	106.20	106.20
Employee stock options **	-	35.78
Foreign currency translation reserve ***	45.93	52.40
Retained earnings ****	10,199.81	9,506.56
<b>Total</b>	<b>14,450.81</b>	<b>13,764.03</b>
<b>* Securities premium</b>		
<b>Balance as at the beginning of the year</b>	4,063.09	4,027.31
Add : Additions made during the year	35.78	35.78
<b>Balance at the end of the year</b>	<b>4,098.87</b>	<b>4,063.09</b>
Nature and Purpose - Security premium is used to record the premium on issue of shares, the reserve is utilised in accordance with the provisions of the Companies Act, 2013		
<b>** Employee stock options</b>		
<b>Balance at the beginning of the year</b>	35.78	122.69
Add: Additions during the year	-	1.52
Less: Adjustment towards fair value of employee stock options	-	(52.65)
Less: Transfer to securities premium account on exercise of stock options	35.78	35.78
<b>Balance at the end of the year</b>	<b>-</b>	<b>35.78</b>
<b>*** Foreign currency translation reserve</b>		
<b>Balance as at the beginning of the year</b>	52.40	(8.68)
Movement during the year	(6.47)	61.08
<b>Balance as at the end of the year</b>	<b>45.93</b>	<b>52.40</b>
<b>**** Retained earnings</b>		
<b>Balance as at the beginning of the year</b>	9,506.56	9,252.37
Net profit for the year	731.75	329.66
Less: Adjustment towards Lease payments	-	(3.63)
Add: Adjustment towards fair value of employee stock options	-	52.65
Less: Appropriations		
Dividend	-	(80.90)
Dividend distribution tax	-	(16.63)
Transfer from other comprehensive income	(38.50)	(26.96)
<b>Net surplus in the Statement of Profit and Loss</b>	<b>10,199.81</b>	<b>9,506.56</b>



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

for the year ended 31 March 2021

### 20 Non-current Borrowings

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
<b>Secured</b>		
Non-convertible debentures (NCD's)	1,949.88	2,720.03
Term Loans from banks		
- Indian rupee loan	1,694.20	121.56
- Vehicle Loans	2.92	8.41
From Non-Banking Financial Company (NBFC) (Indian rupee loan)	-	1,125.36
	<b>3,647.00</b>	<b>3,975.36</b>
<b>Unsecured</b>		
Deferred sales tax loan	-	11.35
From NBFC	-	29.31
	3,647.00	4,016.02
Less: Current maturities of long term borrowings (Refer note 24)	(1,464.08)	(1,274.01)
	<b>2,182.92</b>	<b>2,742.01</b>

#### Nature of security and terms of repayment for secured borrowings

- (i) NCD's, Indian rupee loan from a bank and a NBFC are secured by way of first charge on all present and future property, plant and equipment including Land & Building, Plant & Machinery and second charge on all current assets on pari passu basis. The loans are also secured by personal guarantee of Managing Director.

The borrowings made from a bank having outstanding amount of ₹ Nil (31 March 2020: ₹ 121.56 lakhs) are repayable in 84 equated monthly instalments, commenced from April 2014, of ₹ 13.31 lakhs each. The applicable interest rate on this loan is PLR less 4.5% p.a. (effective interest rate of 11.75% (31 March 2020: 11.75% ).

The borrowings made from NBFC having outstanding amount of ₹ Nil (31 March 2020: ₹ 1,150 lakhs) are repayable in 60 equated monthly instalments, commenced from February 2019, of ₹ 25 lakhs each. The effective interest rate is 13.75% (31 March 2020: 13.75% ).

The borrowings made from a bank having outstanding amount of ₹ 857.10 lakhs (31 March 2020: ₹ Nil) are repayable in 36 equated monthly instalments, commenced from January 2021, of ₹ 29.27 lakhs each. The applicable interest rate on this loan is PLR less 6.3% p.a. (effective interest rate of 10.50% (31 March 2020: Nil ).

The borrowings made from a bank having outstanding amount of ₹ 550 lakhs (31 March 2020: ₹ Nil) are repayable in 48 equated monthly instalments, commencing from February 2022, of ₹ 13.52 lakhs each. The effective interest rate is 8.35% (31 March 2020: Nil ).

The borrowings made from a bank having outstanding amount of ₹ 287.10 lakhs (31 March 2020: ₹ Nil) are repayable in 18 monthly equated instalments of principal amounts, commenced from December 2020, of ₹ 7.97 lakhs for 6 months and ₹ 22.59 lakhs for next 12 months. The effective interest rate is 7.95% (31 March 2020: Nil ) payable with each monthly instalments.

The borrowings made in the form of unlisted, secured NCD's having outstanding amount of ₹ 1,983.53 lakhs (31 March 2020: ₹ 2,792.58 lakhs) are repayable in 48 equated monthly instalments, commenced from April 2019, of ₹ 94.77 lakhs each. The effective interest rate is 13.50%.

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

for the year ended 31 March 2021

- (ii) Vehicle loan having interest rate of 8.70% is repayable from October 2018 to September 2021 in 36 equal instalments of ₹ 0.50 lakhs each and secured by hypothecation of vehicle purchased against the loan.

#### Assets Pledged as security

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

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
<b>Non Current Assets</b>		
- Property, plant and equipment (excluding 'Right to use Assets (except leasehold land)	14,637.60	14,165.10
<b>Current Assets</b>	18,297.07	17,629.17
<b>Total assets Pledged as security</b>	<b>32,934.67</b>	<b>31,794.27</b>

### 21 Other financial liabilities (Non Current)

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Lease Liabilities (Refer note 42)	16.75	62.63
	<b>16.75</b>	<b>62.63</b>

#### Current :

### 22 Borrowings

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
<b>Secured</b>		
<b>- From Banks, repayable on demand</b>		
- Cash credit / packing credit	4,460.00	4,969.00
	<b>4,460.00</b>	<b>4,969.00</b>

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

### 23 Trade payables

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Dues of micro enterprises and small enterprises (Refer note below)	-	-
Payables to related parties (refer note 44)	15.32	15.65
Dues of creditors other than micro enterprises and small enterprises	6,471.78	6,584.46
	<b>6,487.10</b>	<b>6,600.11</b>

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

for the year ended 31 March 2021

- a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
- Principal amount due to micro and small enterprises	-	-
- Interest due on above	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-
d. the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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

## 24 Other financial liabilities

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Current maturities of long term borrowings	1,464.08	1,274.01
Interest accrued but not due on borrowings	9.24	9.66
Un-claimed dividends*	42.48	44.92
Employee related liabilities	343.60	272.02
Payable for capital expenditure	113.55	169.75
Overdrawn bank balances as per books	3.09	-
Lease Liabilities (Refer Note 42)	108.22	147.04
	<b>2,084.26</b>	<b>1,917.40</b>

\* There is delay in transferring unpaid dividend amount of ₹ 6.87 lakhs (31 March 2020: ₹ 6.87 lakhs) pertaining to FY 2011-12 and of ₹ 6.32 lakhs (₹ Nil) pertaining to FY 2012-13 to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013. The aforesaid unpaid dividend has not been transferred due to administrative issues faced by the bankers of the Holding Company. However, unpaid dividends as mentioned above have been transferred to the Investor Education and Protection fund subsequent to the year end.

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

for the year ended 31 March 2021

### 25 Other current liabilities

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
Advance received from customers	823.24	571.18
Statutory dues	153.73	121.03
Deferred Government grants	52.96	54.33
Others	1.88	4.52
	<b>1,031.81</b>	<b>751.06</b>

### 26 Provisions

	As at 31 March 2021 ₹ lakhs	As at 31 March 2020 ₹ lakhs
<b>Provision for employee benefits</b>		
Provision for gratuity (Refer note 46)	76.09	55.17
Provision for compensated absences	64.29	50.76
	<b>140.38</b>	<b>105.93</b>

### 27 Revenue from operations

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Sale of products		
Manufactured goods	28,363.86	24,333.88
Stock in trade	832.68	1,788.01
Other operating revenue		
Product development income	536.67	969.57
Export incentives	734.64	647.76
Scrap Sales	3.97	4.33
Others	254.51	30.37
	<b>30,726.33</b>	<b>27,773.92</b>

#### Disclosure as per Ind AS 115

- A The operations of the Group are limited to only one segment viz. pharmaceuticals and related products. Revenue from contract with customers is from sale of manufactured goods and rendering of research services. Sale of goods are made at a point in time and revenue is recognised upon satisfaction of the performance obligations which is typically upon dispatch / delivery. The Group has a credit evaluation policy based on which the credit limits for the trade receivables are established. There is no significant financing component as the credit period provided by the Company is not significant. There are no variable components such as discounts, chargebacks, rebates, sales returns etc

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

for the year ended 31 March 2021

### B Disaggregation of revenue:

Nature of segment	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
<b>A. Major Product/Service line:</b>		
- Sale of pharmaceutical goods	29,196.54	26,121.89
- Product development income	536.67	969.57
- Others ( Export incentives, Scrap sales, etc.)	993.12	682.46
<b>Total revenue from contracts with customers</b>	<b>30,726.33</b>	<b>27,773.92</b>
<b>B. Primary geographical market:</b>		
- In India	7,609.80	9,326.92
- Outside India	23,116.53	18,447.00
<b>Total revenue from contracts with customers</b>	<b>30,726.33</b>	<b>27,773.92</b>
<b>C. Timing of the revenue recognition:</b>		
- Goods transferred at a point in time	30,189.66	26,804.35
- Services transferred over time	536.67	969.57
<b>Total revenue from contracts with customers</b>	<b>30,726.33</b>	<b>27,773.92</b>
<b>C Contract Balances</b>		
<b>Significant changes in contract asset balances are as follows:</b>		
Contract Assets		
Opening Balance	475.67	-
Add: Revenue recognised during the year	536.67	969.57
Less: Invoiced during the year	71.99	493.90
<b>Closing balance</b>	<b>940.35</b>	<b>475.67</b>

### D Outstanding service obligation regarding product development contracts

The Group has entered into contracts pertaining to product development projects. The outstanding service obligations pertaining to these contracts aggregates ₹ 940.35 lakhs as at year end.

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

## 28 Other income

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Interest income on		
- Fixed deposits	34.02	18.86
- Others	34.71	19.85
Dividend income on investments	-	0.60
Exchange rate difference (net)	139.43	194.81
Apportioned income from government grant	8.20	8.69
Provision for doubtful advances written back	-	188.39
Other non-operating income	17.33	20.88
	<b>233.69</b>	<b>452.08</b>

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

for the year ended 31 March 2021

## 29 Cost of materials consumed

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Opening inventory	3,349.90	3,763.49
Add: Purchases	15,682.42	14,540.37
Less: Closing inventory	3,058.52	3,349.90
	<b>15,973.80</b>	<b>14,953.96</b>
Less: Cost of material sold	691.59	1,587.17
	<b>15,282.21</b>	<b>13,366.79</b>

## 30 Purchase of Stock in trade

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Details of purchases of traded goods		
Tablets	27.57	400.86
Capsules	7.10	93.80
Bulk Drugs	656.92	1,092.51
	<b>691.59</b>	<b>1,587.17</b>

## 31 Changes in inventories of finished goods and work in progress (Refer note 50)

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
<b>At the end of the year</b>		
Work in progress	1,073.59	552.01
Finished goods	1,094.72	1,505.77
	<b>2,168.31</b>	<b>2,057.78</b>
<b>At the beginning of the year</b>		
Work in progress	552.01	634.29
Finished goods	1,505.77	783.52
	2,057.78	1,417.81
	<b>(110.53)</b>	<b>(639.97)</b>

## 32 Employee benefits expense

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Salaries, wages and bonus	3,290.63	3,209.72
Contribution to provident and other funds (Refer note 45(A) and 46(a))	120.85	134.06
Gratuity expense (Refer note 46)	51.87	47.36
Share based payments to employees (Refer note 48)	-	1.52
Staff welfare expenses	112.94	141.92
	<b>3,576.29</b>	<b>3,534.58</b>



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

for the year ended 31 March 2021

### 33 Finance costs

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Interest on NCD's	332.22	423.00
Interest on other borrowings:		
- From banks	616.20	679.32
- From others	-	5.80
Exchange differences regarded as an adjustment to borrowing costs	-	2.72
Interest on delayed payment of income tax	2.62	24.96
Other borrowing costs	138.78	129.65
	<b>1,089.82</b>	<b>1,265.45</b>

### 34 Depreciation and amortisation expense

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Depreciation on property, plant and equipment	1,274.08	1,161.76
Amortisation of intangible assets	304.82	279.40
	<b>1,578.90</b>	<b>1,441.16</b>

### 35 Other Expenses

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Consumption of stores and spares	62.12	158.84
Power and fuel	691.00	736.86
Water charges	12.93	10.58
Insurance	33.40	17.59
Repairs and maintenance		
Machines	353.49	297.01
Buildings	27.22	42.57
Others	107.80	135.62
Contract labour	1,351.74	1,602.61
Printing & stationery	23.45	52.63
Communication costs	38.14	41.80
Legal and professional fees	721.53	527.44
Payment to auditors (Refer note below (a))	51.07	54.99
Advertisement & sales promotion	79.63	156.84
Travelling and conveyance	156.59	383.17
Commission on sales	1,593.68	1,756.87
Freight and forwarding charges	1,122.96	537.12
Bad debts written off	66.82	-
Provision for doubtful debts	-	188.39
Rates and taxes	19.40	61.19
Property, plant and equipment written off	-	2.22
Loss on sale of property, plant and equipment (net)	-	0.53
Rent (Refer note 42)	28.68	22.23
Laboratories Expenses	437.25	460.60
Corporate social responsibility expenses	26.69	24.84
Miscellaneous expenses	304.95	391.42
	<b>7,310.54</b>	<b>7,663.96</b>

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

for the year ended 31 March 2021

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
<b>Note</b>		
<b>(a) Auditors' Remuneration (excluding taxes)</b>		
As Auditors	48.00	48.00
Other Services	2.15	6.30
Out of Pocket Expenses	0.92	0.69
	<b>51.07</b>	<b>54.99</b>

### 35(A) Exceptional items

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Bad debts written off (net of provision for doubtful debts adjusted ₹ 796.59 lakhs (31 March 2020: ₹ Nil))	(518.08)	-
	(518.08)	-

Exceptional item represents amount written off towards doubtful trade receivables relating to sales made in earlier years. The Holding Company had entered into an arrangement with one of its shareholders, whereby the Holding Company is entitled to recover this loss by liquidating ten lakh shares of such shareholder (which are held in escrow) against short recovery from the parties specified in the arrangement. The amounts so recovered from liquidation of the shares will be recognised as and when the Holding Company is able to dispose off the shares for amounts which will be determinable on such liquidation.

### 36 Tax (expense) / credit

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Current tax for the year (net of Minimum alternative tax credit entitlement/ utilisation ₹ 4.01 lakhs) (31 March 2020: ₹ Nil)	(3.02)	-
Tax adjustments pertaining to earlier years	(0.35)	12.33
<b>Deferred tax expenses</b>		
Increase / (Decrease) in deferred tax assets	(358.28)	121.60
(Increase) / Decrease in deferred tax liabilities	86.10	199.95
	<b>(272.18)</b>	<b>321.55</b>
	<b>(275.55)</b>	<b>333.88</b>
Tax (expense) / credit recognised in Statement of profit and loss	(291.37)	322.80
Tax (expense) / credit recognised in other comprehensive income	15.82	11.08
	<b>(275.55)</b>	<b>333.88</b>
<b>Tax reconciliation</b>		
<b>Profit /(Loss) before tax</b>	1,023.12	6.86
Tax at the rate of 29.12% (31 March 2020 29.12% )	(297.93)	(2.00)
Tax adjustment pertaining to earlier years	(0.35)	12.33
Tax effect of amounts which are not deductible / taxable		
Income/(expenses) exempted from income taxes	49.19	45.31
Difference in tax rates for certain entities of the Group	4.27	-
Permanent Disallowances	(0.59)	(8.08)
Additional deduction under Income tax act, 1961	65.36	125.38
Disallowance of Donation/Corporate social responsibility expenses	(9.53)	(18.30)
Other tax deductions	(85.97)	179.24
	<b>(275.55)</b>	<b>333.88</b>

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

for the year ended 31 March 2021

37 Fair value measurements

Financial instruments by category:

All financial assets and financial liabilities, except derivative instruments and investment in equity shares of the Group are under the amortised cost measurement category at each of the reporting date.

Fair value hierarchy

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

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

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

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

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

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

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

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

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

₹ lakhs

Fair value for assets and liabilities measured at amortised cost	31 March 2021				31 March 2020			
	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3	Carrying amount
Financial liabilities								
Borrowings (other than current borrowings)	-	3,647.00	-	3,647.00	-	4,016.02	-	4,016.02
Lease liabilities (other than current liabilities)	-	16.75	-	16.75	-	62.63	-	62.63

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

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

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

Valuation processes

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

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

for the year ended 31 March 2021

38 Financial risk management

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

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

A Market risk

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

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

Market risk - interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

According to the Group, interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Exposure to interest rate risk

Particulars	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Total Borrowings	8,107.00	8,985.02
% of Borrowings out of above bearing variable rate of interest	76%	57%

Interest rate sensitivity

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

Particulars	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
50 bp increase would decrease the profit before tax by	(30.77)	(25.45)
50 bp decrease would Increase the profit before tax by	30.77	25.45

Market risk - Foreign currency risk management

The Group operates internati onally wherein porti on of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies and borrowings dominated in foreign currency. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commoditi es and services in the respecti ve currencies.

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

for the year ended 31 March 2021

### Unhedged foreign currency exposure

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

(Amount in lakhs)

As at 31 March 2021	USD		EURO		CAD/ ZAR	
Particulars	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade Receivable	58.07	4,245.34	2.33	199.83	1.06	61.56
Trade payables	0.02	1.74	-	-	-	-
Advance received from customers	1.86	132.91	4.61	399.42	4.09	19.83
Balance in EEFC Account	0.30	21.67	0.18	15.51	-	-
PCFC and PFCFC	17.26	1,261.84	-	-	-	-
Export Commission	15.54	1,136.39	0.18	15.14	-	-

(Amount in lakhs)

As at 31 March 2020	USD		EURO		CAD/ ZAR	
Particulars	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade Receivables	24.66	1,865.65	7.03	586.94	0.66	35.35
Trade payables	2.91	220.40	-	-	-	-
Advance received from customers	4.83	344.51	0.73	56.15	4.09	19.83
Balance in EEFC Account	0.11	8.08	-	-	-	-
PCFC and PFCFC	13.20	998.52	-	-	-	-
Export Commission	16.48	1,246.93	1.33	109.83	-	-

#### Sensitivity to foreign currency risk (₹ in lakhs)

Particulars	Impact on statement of profit and loss for the year ended	
	31 March 2021	31 March 2020
<b>USD sensitivity</b>		
INR / USD		
Increase by 5%	86.71	(46.83)
Decrease by 5%	(86.71)	46.83
<b>Euro sensitivity</b>		
INR / Euro		
Increase by 5%	(9.96)	21.05
Decrease by 5%	9.96	(21.05)

### B Credit risk

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

- Actual or expected significant adverse changes in business,

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

for the year ended 31 March 2021

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

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

### Credit risk management

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

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

#### Ageing of Account receivables

	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Not due	3,683.32	1,874.13
0-6 months	2,317.90	2,688.04
6-12 months	494.51	1,040.12
12 months to 24 months	682.77	684.71
beyond 24 months	136.91	1,392.57
<b>Total</b>	<b>7,315.41</b>	<b>7,679.57</b>

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

#### Movement in provisions of doubtful debts

	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Opening provision	886.87	698.48
Add:- Additional provision made	-	188.39
Less:- Provision utilised/ adjusted against bad debts (net)	(796.59)	-
<b>Closing provisions</b>	<b>90.28</b>	<b>886.87</b>

### C Liquidity risk

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



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

for the year ended 31 March 2021

### Liquidity risk management

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

### Maturities of non – derivative financial liabilities

(₹ in lakhs)				
As at 31 March 2021	0 month to	Between	Beyond	Total
Particulars	1 year	1 and 5 years	5 years	
Non-current borrowings (including current maturities)	1,464.08	2,182.92	-	3,647.00
Current financial liabilities - Borrowings	4,460.00	-	-	4,460.00
Trade payables	6,487.10	-	-	6,487.10
Other current financial liabilities	620.18	16.75	-	636.93
<b>Total</b>	<b>13,031.36</b>	<b>2,199.67</b>	<b>-</b>	<b>15,231.03</b>

(₹ in lakhs)				
As at 31 March 2020	0 month to 1	Between 1	Beyond 5	Total
Particulars	year	and 5 years	years	
Non-current borrowings from banks (including current maturities)	1,274.01	2,742.01	-	4,016.02
Current financial liabilities - Borrowings	4,969.00	-	-	4,969.00
Trade payables	6,600.11	-	-	6,600.11
Other current financial liabilities	643.39	62.63	-	706.02
<b>Total</b>	<b>13,486.51</b>	<b>2,804.64</b>	<b>-</b>	<b>16,291.15</b>

## 39 Capital management

### Risk management

The Group's objectives when managing capital are to

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

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

	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
The capital composition is as follows:		
Net debt#	7,976.99	8,848.58
Total equity	16,075.00	15,382.10
<b>Net debt to equity ratio</b>	<b>50%</b>	<b>58%</b>

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

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

for the year ended 31 March 2021

### 40 Net debt reconciliation

	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Cash and cash equivalents	139.25	146.10
Non- current borrowings	(3,647.00)	(4,016.02)
Current borrowings	(4,460.00)	(4,969.00)
Interest Payable	(9.24)	(9.66)
<b>Net Debt</b>	<b>(7,976.99)</b>	<b>(8,848.58)</b>

	Cash and cash equivalents and bank overdraft	Non current borrowings	Current borrowings	Interest Payable	Total
Net as at 01 April 2019	49.91	(3,705.76)	(4,014.67)	(60.90)	(7,731.42)
Cash flows	96.19	(358.62)	(913.07)	-	(1,175.50)
IND AS adjustments	-	(74.14)	-	57.16	(16.98)
Foreign Exchange adjustments	-	122.50	(41.26)	(122.50)	(41.26)
Finance Cost Expense*	-	-	-	(1,248.47)	(1,248.47)
Finance Cost Paid*	-	-	-	1,365.05	1,365.05
<b>Net as at 31 March 2020</b>	<b>146.10</b>	<b>(4,016.02)</b>	<b>(4,969.00)</b>	<b>(9.66)</b>	<b>(8,848.58)</b>
Cash flows	(6.85)	432.68	516.22	-	942.05
IND AS adjustments	-	(63.66)	-	39.73	(23.93)
Foreign Exchange adjustments	-	-	(7.22)	-	(7.22)
Finance Cost Expense*	-	-	-	(1,065.90)	(1,065.90)
Finance Cost Paid*	-	-	-	1,026.59	1,026.59
<b>Net as at 31 March 2021</b>	<b>139.25</b>	<b>(3,647.00)</b>	<b>(4,460.00)</b>	<b>(9.24)</b>	<b>(9,003.58)</b>

\* excluding expenses/ payments towards lease arrangements

### 41 Subsidiaries considered in the consolidated financial statement are as follows :

Sr. No	Name of the Subsidiary	Principal place of business and country of incorporation	Proportion of ownership interest	Method of accounting
1	ZIM Laboratories FZE,UAE	UAE	100%	Cost
2	ZIM Health Technologies Limited, India (w.e.f. 28 May 2019)	INDIA	100%	Cost
3	SIA ZIM Laboratories Limited, Latvia (w.e.f. 6 September 2019)	LATVIA	100%	Cost

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

for the year ended 31 March 2021

Statement pursuant to details to be furnished for subsidiaries as prescribed by Companies Act, 2013

Name of the entity	2020-21							
	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As % of consolidated net assets	₹ in lakhs	As % of consolidated profit or loss	₹ in lakhs	As % of other Comprehensive Income	₹ in lakhs	As % of total Comprehensive Income	₹ in lakhs
Parent: ZIM Laboratories Limited	97.70%	15,704.76	76.75%	561.62	85.61%	(38.50)	76.17%	523.12
<b>Foreign subsidiary</b>								
ZIM Laboratories FZE	6.96%	1,118.09	22.46%	164.36	-	-	23.93%	164.36
SIA Zim Laboratories Limited	0.14%	22.39	-1.22%	(8.91)	-	-	-1.30%	(8.91)
<b>Indian subsidiary</b>								
ZIM Health Technologies Limited	0.11%	16.88	2.01%	14.68	-	-	2.14%	14.68
Total elimination/adjustment	-4.88%	(787.12)	-	-	14.39%	(6.47)	-0.94%	(6.47)
<b>TOTAL</b>	<b>100.00%</b>	<b>16,075.00</b>	<b>100.00%</b>	<b>731.75</b>	<b>100.00%</b>	<b>(44.97)</b>	<b>100.00%</b>	<b>686.78</b>

Name of the entity	2019-20							
	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As % of consolidated net assets	Rupees in lakhs	As % of consolidated profit or loss	Rupees in lakhs	As % of other Comprehensive Income	Rupees in lakhs	As % of total Comprehensive Income	Rupees in lakhs
Parent: ZIM Laboratories Limited	98.66%	15,175.52	52.80%	174.06	54.89%	(26.96)	40.44%	147.10
<b>Foreign subsidiary</b>								
ZIM Laboratories FZE	6.24%	959.67	54.41%	179.36	-	-	49.30%	179.36
SIA Zim Laboratories Limited	0.20%	30.21	-0.88%	(2.90)	-	-	-0.80%	(2.90)
<b>Indian subsidiary</b>								
Zim Health Technologies Limited	-	2.20	-6.33%	(20.86)	-	-	-5.73%	(20.86)
Total elimination/adjustment	-5.10%	(785.50)	-	-	45.11%	61.08	16.79%	61.08
<b>TOTAL</b>	<b>100.00%</b>	<b>15,382.10</b>	<b>100.00%</b>	<b>329.66</b>	<b>100.00%</b>	<b>34.12</b>	<b>100.00%</b>	<b>363.78</b>

### 42 Leases

Particulars	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
<b>The Balance sheet discloses the following amounts relating to leases:</b>		
<b>Right-of-use assets</b>		
Buildings	11.07	19.35
Plant and equipment	217.91	295.24
	<b>228.98</b>	<b>314.59</b>
<b>Lease liabilities</b>		
Current	108.22	147.04
Non-current	16.75	62.63
	<b>124.97</b>	<b>209.67</b>

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

for the year ended 31 March 2021

Amounts recognised in statement of profit and loss	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
<b>Depreciation charge on Right-of-use assets</b>		
Buildings	8.28	8.28
Plant and equipment	162.91	72.54
	<b>171.19</b>	<b>80.82</b>
Interest expense included in finance cost	23.92	16.98
Expense relating to short-term leases	28.68	22.23
Expense relating to leases of low-value assets that are not shown above as short-term leases	-	-
Expense relating to variable lease payments not included in lease liability	-	-
Total cash outflow for leases during current financial year (excluding short term leases)	139.40	66.12
Additions to the right of use assets during the current financial year	85.58	238.47

### 43 Research and development expenditure

	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
Revenue expenditure charged to Statement of Profit and Loss (under notes 32, 34 and 35)	1,386.66	1,451.73
Capital Expenditure	92.84	70.72
	<b>1,479.50</b>	<b>1,522.45</b>

### 44 Related party disclosures

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

#### A. List of related parties and relationship (to the extent where transactions have taken place and relationship of control):

(i) Key Managerial Personnel:	Nature of relationship
Dr. Anwar S. Daud	Managing Director and shareholder with significant influence
Mr. Zulfikar Kamal	Director (Finance)
Mr. Riaz A. Kamal	Director (Administration)
Mr. Niraj Dhadiwal	Director (Business Development)
Mr. Prakash Sapkal	Director (Operations)
Dr.Naresh Gaikwad	Independent Director
Dr. V.V. Parashar	Independent Director
Mr. Suprakash. Chakravarty	Independent Director
Mr. Padmakar Joshi	Independent Director
Mrs. Kavita Loya	Independent Director
Mr. Piyush Nikhade	Company Secretary & Compliance Officer
Mr. Shyam Mohan Patro	Chief Financial Officer

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

for the year ended 31 March 2021

### (ii) Key Managerial Personnel (Wholly Owned Subsidiary):

Dr. Chandrashekhar Mainde (w.e.f. 28 May 2019)	Executive Director and Chief Executive Officer (ZIM Health Technologies Limited)
Mrs. Rashida Daud (w.e.f 01 July 2020)	General Manager (ZIM Laboratories FZE)

### (iii) Other relatives:

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

### (iv) Other Significant influences

AA Development Capital India Fund 1, LLC	Investor exercising significant influence
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### B. Related Party Disclosures:

	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
<b>Nature of transactions</b>		
<b>1) Remuneration</b>		
Dr. Anwar S. Daud	124.53	113.94
Mr. Riaz A. Kamal	26.50	24.00
Mr. Zulfiqar Kamal	73.75	65.00
Mr. Niraj Dhadiwal	58.84	50.62
Mr. Prakash Sapkal	57.83	49.62
Mr. Piyush Nikhade	16.77	17.00
Mr. Shyam Mohan Patro	61.92	52.49
Dr. Chandrashekhar Mainde	106.60	55.00
Mrs Rashida Daud	5.37	-
<b>2) Director's fees and commission</b>		
Dr.Naresh Gaikwad	1.00	1.00
Dr. V.V. Parashar	1.00	1.00
Mr. Suprakash. Chakravarty	1.00	1.00
Mr. Padmakar Joshi	1.00	1.00
Mrs. Kavita Loya	6.00	6.00
<b>3) Professional Fees</b>		
Dr. Nidhi Sapkal	24.00	24.00
<b>4) Rent paid</b>		
Dr. Anwar S. Daud	10.56	9.60
Mrs. Sabbah Kamal	2.40	2.40
The remuneration to Key management personnel does not include provision for employee benefits determined on actuarial basis.		

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

for the year ended 31 March 2021

	Year ended 31 March 2021 (₹ in lakhs)	Year ended 31 March 2020 (₹ in lakhs)
<b>5) Share Application Money received, shares were allotted during the year under ESOS</b>		
Mr. Niraj Dhadiwal	2.50	2.50
Mr. Prakash Sapkal	2.50	2.50
<b>6) Dividend Paid</b>		
Dr. Anwar S. Daud	-	22.23
Mr. Riaz A. Kamal	-	0.02
Mr. Zulfiqar Kamal	-	1.99
Mr. Niraj Dhadiwal	-	0.50
Mr. Prakash Sapkal	-	0.50
AA Development Capital India Fund 1, LLC	-	17.83
Mrs. Sabbah Kamal	-	2.50
Mrs. Tasneem Daud	-	0.05
Dr. Nidhi Sapkal	-	0.11
Mr. Hasan Kamal	-	0.17
Mr. Shabbar Daud	-	0.07
<b>7) Acquisition of subsidiary (Zim Health Technologies Limited)</b>		
Mr. Anwar S. Daud	-	2.50
Mr. Zulfiqar Kamal	-	2.45
Mr. Prakash Sapkal	-	0.01
Mrs. Nidhi Sapkal	-	0.01
Mrs. Tasneem Daud	-	0.01
Mrs. Sabbah Kamal	-	0.01



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

for the year ended 31 March 2021

	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
<b>Balances outstanding at year end</b>		
<b>Advance for expenses to Key Managerial Personnel</b>		
Dr. Anwar S. Daud	4.79	14.11
<b>Payable to Key Managerial Personnel</b>		
Dr. Anwar S. Daud	4.60	2.47
Mr. Zulfiquar Kamal	0.02	5.09
Mr. Riaz A. Kamal	3.15	0.73
Mr. Niraj Dhadiwal	2.94	3.41
Mr. Prakash Sapkal	4.29	3.62
Mr. Piyush Nikhade	2.25	0.88
Mr. Shyam Mohan Patro	14.23	3.40
Dr. Chandrashekhar Mainde	22.90	4.50
Mrs Rashida Daud	5.37	-
<b>Trade Payable</b>		
Dr. Anwar S. Daud	9.75	6.48
Dr. Nidhi Sapkal	2.21	2.16
Mrs. Sabbah Kamal	0.24	2.12
Dr.Naresh Gaikwad	0.26	0.27
Dr. V.V. Parashar	0.46	0.28
Mr. Suprakash. Chakravarty	0.26	0.90
Mr. Padmakar Joshi	0.36	0.54
Mrs. Kavita Loya	1.78	2.90

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

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
<b>Executive Directors compensation</b>		
a) Short- term employee benefits	447.33	357.33
b) Post- employment benefits	0.72	0.85
<b>Total compensation *</b>	<b>448.05</b>	<b>358.18</b>

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

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

for the year ended 31 March 2021

### 45 Contingent Liabilities and Commitments

	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
<b>(A) Contingent Liabilities</b>		
Income tax	551.42	551.42
Gram Panchayat Tax	6.69	6.69
Export obligation-Advance License	46.49	31.16
<b>Total</b>	<b>604.60</b>	<b>589.27</b>

#### Notes:

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

#### Other Matter

The Honourable Supreme Court, had passed a judgement on 28 February 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The management, based on legal advice, is of the view that the applicability of the judgement to the Company, with respect to the period and the nature of allowances to be covered due to interpretative challenges, and resultant impact on the past provident fund liability, cannot be reasonably ascertained.

#### (B) Commitments

	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Estimated value of contracts in capital account remaining to be executed (net of capital advance)	104.77	200.29

### 46 Employee Benefits (of the Company only)

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

#### (a) Defined Contribution Plan:

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

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Employer's Contribution to Provident fund	108.20	116.73
Employer's Contribution to ESIC	12.32	16.96
Employer's Contribution to Labour welfare fund	0.33	0.37

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

for the year ended 31 March 2021

### (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 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
<b>Mortality Table</b>	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Discount rate	6.49%	6.59%
Salary growth rate	5.00%	5.00%
Withdrawal rate	12.00%	12.00%
Expected rate & return on Plan assets	6.49%	6.59%
<b>Changes in the Fair value of Plan Assets</b>		
Present Value of Plan Assets at the beginning of the year	480.47	395.88
Investment Income	31.67	29.61
Employer's Contribution	63.62	62.07
Benefits Paid	-	-
Actuarial adjustment: Return on plan assets, excluding amount recognised in net interest expense	(0.36)	(7.09)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>575.40</b>	<b>480.47</b>
<b>Changes in the Present Value of Obligation</b>		
Present Value of Obligation at the beginning of the year	535.64	453.36
Current Service Cost	48.23	43.06
Interest Expenses or Cost	35.30	33.91
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in the demographic assumptions	-	-
- change in the financial assumptions	3.08	21.88
- experience variance (i.e. Actual experience v/s assumptions)	50.88	9.07
Past Service Cost	-	-
Benefits Paid	(21.64)	(25.64)
<b>Present Value of Obligation at the end of the year</b>	<b>651.49</b>	<b>535.64</b>

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

for the year ended 31 March 2021

	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
<b>Amount recognised in the Balance Sheet</b>		
Present Value of Obligation at the end of the year	651.49	535.64
Fair Value of Plan Assets at the end of the year	(575.40)	(480.47)
<b>Net Liability recognised at the end of the year</b>	<b>76.09</b>	<b>55.17</b>
<b>Percentage of each category of plan assets to total fair value of plan assets as at year end:</b>		
Administered by Life Insurance Corporation of India	100.00%	100.00%
	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
<b>Expenses recognised in the Statement of Profit and Loss</b>		
Current Service Cost	48.23	43.06
Past Service Cost	-	-
Loss/ (Gain) on settlement	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	3.64	4.30
<b>Total expenses recognised in the Statement of Profit and Loss</b>	<b>51.87</b>	<b>47.36</b>
<b>Actuarial (gains) / losses</b>		
Actuarial (Gains)/Losses on Obligation For the Period	53.96	30.95
Return on Plan Assets, Excluding Interest Income	0.36	7.09
<b>Actuarial (Gain)/ Loss recognised in Other Comprehensive Income</b>	<b>54.32</b>	<b>38.04</b>
	As at 31 March 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
<b>The defined benefit obligations shall mature after year end 31 March 2021 as follows :</b>		
Year 1	113.07	87.83
Year 2	78.55	73.41
Year 3	76.04	59.47
Year 4	79.03	57.66
Year 5	78.45	60.83
Thereafter	526.55	452.72

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

for the year ended 31 March 2021

### 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 2021 (₹ in lakhs)	As at 31 March 2020 (₹ in lakhs)
Defined Benefit Obligation (Base)	651.49	535.64

	Year ended 31 March 2021 ₹ lakhs		Year ended 31 March 2020 ₹ lakhs	
	Decrease	Increase	Decrease	Increase
Discount Rate ( -/+ 1%)	32.67	(29.40)	27.18	(24.45)
(% change compared to base due to sensitivity)	5.0%	-4.5%	5.1%	-4.6%
Salary Growth Rate ( -/+ 1%)	(27.06)	29.27	(23.13)	24.87
(% change compared to base due to sensitivity)	-4.2%	4.5%	-4.3%	4.6%
Attrition Rate ( -/+ 0.50%)	2.92	(3.25)	2.30	(2.59)
(% change compared to base due to sensitivity)	0.4%	-0.5%	0.4%	-0.5%

### (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 ₹ 114.20 lakhs (Previous Year: ₹ 76.53 lakhs).

## 47 Segment information

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

Information about geographical areas are as under : (₹ Lakhs)						
Particulars	31 March 2021			31 March 2020		
	In India	Outside India	Total	In India	Outside India	Total
Revenue from operations	7,609.80	23,116.53	30,726.33	9,326.92	18,447.00	27,773.92
Carrying amount of segment assets (non-current)	11,187.63	1,098.88	12,286.51	11,919.33	1,258.10	13,177.43
Carrying amount of segment assets (current)	12,139.05	6,187.34	18,326.39	14,569.80	3,224.35	17,794.15
Capital expenditure for the year	663.44	157.06	820.50	1,671.50	339.28	2,010.78
- Tangible	641.83	0.73	642.56	1,666.00	-	1,666.00
- Intangible	21.61	156.33	177.94	5.50	339.28	344.78

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

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

for the year ended 31 March 2021

### 48 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 2021 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. Nomination & Remuneration committee at its meeting dated 14 August 2018 and the Shareholders in the Annual General Meeting held on 21 September 2018 have approved the ZIM Laboratories Limited Employees Stock Option Scheme 2015, as amended in accordance with the requirements of SEBI (Share Based Employee Benefit), Regulations 2014. Shareholders in above Annual General Meeting have also approved issue of bonus shares in the ratio of 1:1 to shareholders holding shares as on Record Date i.e. 06 October 2018. Accordingly, the outstanding options as at 6 October 2018 have been adjusted for issue of bonus shares.
2	Total number of stock options approved	1,83,665
3	Vesting schedule	01 June 2016 - 30,625 equity shares  01 June 2017 - 30,608 equity shares  01 June 2018 - 61,216 equity shares  01 June 2019 - 61,216 equity shares
4	Maximum term of Options granted (years)	5
5	Source of shares (Primary, Secondary or combination)	Primary
6	Variation in terms of options	NA
7	Price per option	At Face value (i.e. ₹ 10 )
8	The exercise period	Exercise anytime within one year from date of vesting.
9	Vested during the year	-
10	Exercised during the year	61,216
11	Weighted average price* (₹)	117.81 (before adjustment towards issue of bonus shares)

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



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

for the year ended 31 March 2021

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

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

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

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

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

### IV. The movement of stock options during the year ended 31 March 2021 are summarized below:

Particulars	Number of options
Options outstanding at the beginning of the year	Nil
Options Forfeited / lapsed during the year	Nil
Options vested during the year	Nil
Options exercised during the year	61,216
Money realised by exercise of options	₹ 6.12 lakhs
Expired during the year	Nil
Options outstanding at the end of the year	Nil
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 2021 is as follows:

Grant Date	Number of options	Vesting Date	Exercise End Date	Exercise Price	Expected remaining contractual life
					Nil

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

Particulars	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Exercised during the year	6.12	6.12

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

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

Particulars	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
Within one year	-	6.12
Between two years to five years	-	-

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

for the year ended 31 March 2021

### 49 Earnings per share

	Year ended 31 March 2021 ₹ lakhs	Year ended 31 March 2020 ₹ lakhs
<b>I. Profit Computation for both Basic and Diluted Earnings per share:</b>		
Net Profit attributable to equity share holders (₹ lakhs)	731.75	329.66
<b>II. Computation of weighted average number of equity shares :</b>		
Weighted average number of equity shares in calculating basic EPS	16,228,036	16,174,032
Weighted average number of equity shares in calculating diluted EPS	16,228,036	16,230,458
<b>III. Earnings Per Share:</b>		
Basic Earning Per Share (₹) (Face value of ₹ 10 per share)	4.50	2.03
Diluted Earning Per Share (₹) (Face value of ₹ 10 per share)	4.50	2.03

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

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Adi P. Sethna

Partner

Membership No.: 108840

For and on behalf of the Board of Directors

Anwar S. Daud

Managing Director

DIN: 00023529

Zulfiqar M. Kamal

Director (Finance)

DIN: 01786763

Shyam Mohan Patro

Chief Financial Officer

Piyush Nikhade

Company Secretary

Place: Mumbai

Date: 29 May 2021

Place: Nagpur

Date: 29 May 2021



Zeal & Innovation in Medicine

## ZIM LABORATORIES LIMITED

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### REGISTERED OFFICE

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