



Zim Laboratories Limited

**27th Annual Report
2010-2011**

27th Annual Report 2010-2011

Registered Office

Shop No. 41, Manisha Plaza, Sonapur Lane, Kurla (W),
Mumbai - 400 070
Ph. : 022 - 25035173
Fax : 022 - 25034067

Corporate Office

545, Shanti Nagar, Nagpur - 440 002
Fax : 0091 - 712 - 2770757
e-mail : zim_ngp@sancharnet.in

// Board of Directors //

- ❖ **Mr. Zakir S. Vali**, Chairman
- ❖ **Mr. Anwar S. Daud**, Managing Director
- ❖ **Mr. Faiz Z. Vali**, Executive Director
- ❖ **Mr. Riaz Ahmed K. Kamal**, Executive Director
- ❖ **Mr. A.C. Tiwari**, Independent Director
- ❖ **Dr. V.V. Parashar**, Independent Director
- ❖ **Mr. Naresh Gaikwad**, Independent Director
- ❖ **Mr. Hatim Bilal**, Independent Director (Till 31.03.2011)

// Company Secretary //

Mr. R.A. Parasuraman

// Bankers //

- ❖ **State Bank of India**
- ❖ **Shamrao Vithal Co-operative Bank Limited**

// Auditors//

**M/s Paliwal Modani & Co.
Chartered Accountants**

// Legal Advisor//

Ad. Noorui Hasan Shams

NOTICE

NOTICE is hereby given that the Twenty-seventh Annual General Meeting of **Zim Laboratories Limited** will be held on **Friday, the 30th September, 2011 at 11.00 a.m.** at the Registered Office of the Company at Shop No. 41, "Manisha Plaza", Sonapur Lane, Off. L.B.S. Marg, Kurla (West), Mumbai – 400 070 to transact the following business :-

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as on 31st March, 2011, the Profit & Loss Account for the year ended on that date and the schedules forming part thereof and also reports of the Auditors and the Board of Directors.
2. To declare a dividend on the Equity Share Capital of the Company.
3. To appoint a Director in place of Mr. Faiz Z. Vali, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. V.V. Parashar, who retires by rotation and being eligible offers himself for re-appointment.
5. To re-appoint M/s Paliwal Modani & Co., Chartered Accountants, Nagpur (Registration No.107261W) as the Statutory Auditors of the Company to hold the office till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:-

Increase in remuneration to Shri. Anwar Siraj Daud, Managing Director :

"RESOLVED THAT pursuant to Section 269, 310 and other applicable provisions, if any, of the Companies Act, 1956, (Act) and part I of Section of Schedule XIII to of the Act, the Company hereby accords its approval to the revision of the remuneration to Shri. Anwar Siraj Daud, the Managing Director of the Company, on the terms & conditions including a consolidated salary of Rs.36 lacs per annum, for the period from 01.04.2010 to 31.03.2014, and all other terms and conditions of his appointment shall remain same, with liberty to the Board of Directors to amend, revise or alter the terms and conditions of the appointment of and the increase in remuneration to Shri. Anwar Siraj Daud, within the overall limits of the remuneration as per Schedule XIII to the Act, and as may be agreed to between the Board of Directors and Shri. Anwar Siraj Daud."

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:-

Approval for Investments by Non-Resident Indians :

"RESOLVED THAT pursuant to applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Companies Act, 1956 and all other applicable rules, regulations, guidelines and laws (including any statutory modification or re-enactment thereof for the time being in force) and subject to all applicable approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permission, sanctions, which may be agreed to by the Board of Directors of the Company, consent of the members of the Company be and is hereby accorded for investments by Non-Resident Indians (NRIs) in the shares of the Company, under Foreign Direct Investments Scheme or by purchase / acquisition from the market under the Portfolio Investment Scheme or by any other permitted mode under FEMA and other statutes, upto an aggregate of 24% of the paid-up equity share capital of the Company or such other maximum ceiling/limit as may be prescribed from time to time."

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:-

Issue of further shares through ADR, GDR, QIP, etc :

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, as amended or restated (the "Companies Act"), the Listing Agreements with each of the stock exchange where the Company's equity shares are listed and the provisions of the Foreign Exchange Management Act, 1999, as amended or restated, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended or restated, the Foreign Exchange Management (Borrowing or Lending in Rupees) Regulations, 2000, as amended or restated, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended or restated, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended or restated (the "ICDR Regulations"), as applicable and such other statutes, notifications, circulars, rules and regulations as may be applicable and relevant, each as amended or restated, and the Memorandum and Articles of Association of the Company, as amended, and subject to such approvals, consents, permissions and sanctions, if any, of the Government of India, the Reserve Bank of India (the "RBI"), the Foreign Investment Promotion Board (the "FIPB"), the Securities and Exchange Board of India (the "SEBI"), the relevant Registrar of Companies, the relevant stock exchange and any other regulatory authority as may be required under applicable law or regulation, and subject to such conditions as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (the "Board", which term shall be deemed to include any committee

constituted or to be constituted by the Board, or any person(s) authorised by the Board or its committee for such purposes), consent of the Company be and is hereby accorded to the Board in its absolute discretion, to offer, issue and allot in the course of either one or more international offering(s), in one or more foreign markets and/or in the course of one or more domestic offering(s) in India, including by way of a qualified institutions placement under Chapter VIII of the ICDR Regulations ("QIP"), such number of equity shares and/or any securities linked to, convertible into or exchangeable for equity shares including, without limitation, through Global Depository Receipts ("GDRs") and/or American Depository Receipts ("ADRs") and/or convertible preference shares and/or convertible debentures (compulsorily and/or optionally, fully and/or partly) and/or non-convertible debentures (or other securities) with warrants and/or warrants with a right exercisable by the warrant holder to exchange or convert such warrants with equity shares of the Company at a later date simultaneously with the issue of non-convertible debentures and/or Foreign Currency Convertible Bonds ("FCCBs") and/or Foreign Currency Exchangeable Bonds ("FCEBs") and/or any other permitted fully and/or partly paid securities/instruments/warrants, convertible into or exchangeable for equity shares at the option of the Company and/or the holder(s) of the security(ies), and/or securities linked to equity shares (hereinafter collectively referred to as the "Securities"), in one or more tranches, whether rupee-denominated or denominated in foreign currency, to such investors who are eligible to acquire such Securities in accordance with all applicable laws, rules, regulations, guidelines and approvals, through public issue(s), rights issue(s), preferential issue(s), private placement(s) or any combination thereof, through any prospectus, offer document, offer letter, offer circular, placement document or otherwise, at such time or times and at such price or prices subject to compliance with all applicable laws, rules, regulations, guidelines and approvals, at a discount or premium to market price or prices in such manner and on such terms and conditions including as regards security, rate of interest, etc., as may be deemed appropriate by the Board in its absolute discretion, subject to compliance with all applicable laws, rules, regulations, guidelines and approvals, for an aggregate amount, in one or more offering(s) and/or in one or more tranches, not exceeding Rs.500 crores (Rupees Five Hundred crores) (inclusive of any green shoe or over-allotment option), either through a fresh issue or a sponsored issue of Securities (by one or more existing shareholders of the Company) or by way of offer for sale of Securities or in any combination thereof, and the Board shall have the discretion to determine the categories of eligible investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of investors at the time of such offer, issue and allotment considering the prevailing market conditions and all other relevant factors and wherever necessary in consultation with advisor(s), lead manager(s), and underwriter(s) appointed by the Company.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the issue(s) of Securities may, subject to compliance with all applicable laws, rules, regulations, guidelines and approvals, have all or any terms, or combination of terms, in accordance with domestic and/or international practice, including, but not limited to, conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever and all other such terms as are provided in offerings of such nature including terms for issue of additional equity shares or variation of the conversion price of the Securities during the duration of the Securities.

RESOLVED FURTHER THAT the Company and/or any agency or body authorised by the Company may, subject to compliance with all applicable laws, rules, regulations, guidelines and approvals, issue certificates, notes and/or depository receipts including global notes or certificates representing the Securities with such features and attributes as are prevalent in international and/or domestic capital markets for instruments of such nature and to provide for the tradability or transferability thereof as per the international and/or domestic practices and regulations, and under the forms and practices prevalent in such international and/or domestic capital markets.

RESOLVED FURTHER THAT the Company may enter into any arrangement with any agency or body for the issue, upon conversion of the Securities, of equity shares of the Company in registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practices and regulations, and under the forms and practices prevalent in international capital markets.

RESOLVED FURTHER THAT the Securities issued in foreign markets shall be deemed to have been made abroad and/or at the place of issue of the Securities in international capital markets and shall be governed by the applicable domestic/foreign laws and regulations.

RESOLVED FURTHER THAT the Securities may be redeemed and/or converted into and/or exchanged for the equity shares of the Company, subject to compliance with all applicable laws, rules, regulations, guidelines and approvals, in a manner as may be provided in the terms of their issue.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of equity shares of the Company, as may be required to be issued and allotted upon conversion, exchange, redemption or cancellation of any of the Securities or as may be necessary in accordance with the terms of the offering(s), and all such equity shares shall rank *pari passu* with the existing equity shares of the Company in all respects, including dividend.

RESOLVED FURTHER THAT the relevant date for the purpose of pricing of the Securities (i) by way of QIP/ GDRs/ADRs/ FCCBs/ FCEBs or by way of any preferential issue(s), shall be the date as specified under the applicable law or regulation, or (ii) in the event of conversion or exchange of Securities issued under a QIP, shall be the date of the meeting in which the Board decides to open the issue.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby authorised to do all such acts, deeds, matters and/or things, including, but not limited to, finalization and approval of the preliminary as well as the final document(s), determining the form and manner of the issue, including the class of investors to whom the Securities are to be issued and allotted, the number of the Securities to be allotted, the issue price, the face value, the premium amount on the issue/ conversion/ exchange of the Securities, if any, the rate of interest, the execution of various transaction documents, creation of mortgage/charge in accordance with Section 293(1)(a) of the Companies Act in respect of any Securities, either on a *pari passu* basis or otherwise, as it may in its absolute discretion deem fit and to settle all questions, difficulties or doubts, including passing the resolution through postal ballot, that may arise in relation to the issue, offer or allotment of the Securities, including amending the terms of the Securities and subject to applicable law, for the utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent and that the members shall be deemed to have given their approval thereto for all such acts, deeds, matters and/or things, expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint such consultants, lead managers, underwriters, guarantor(s), depositories, custodian(s), registrar(s), agent(s) for service of process, authorized representatives, trustee(s), banker(s), lawyer(s), merchant banker(s) and any other advisor(s), professional(s) and intermediaries, as may be required and to pay them such fees, commission and other expenses as it deems fit and enter into or execute all such agreements/ arrangement(s)/ MOU(s)/ placement agreement(s)/ underwriting agreement(s)/ deposit agreement(s)/ trust deed(s)/ subscription agreement/ payment and conversion agency agreement/ any other agreement(s) or document(s) with any such agencies, listing of Securities in domestic and/or international stock exchanges, authorizing any Director(s) or any officer(s) of the Company, severally, to sign for and on behalf of the Company offer document(s), agreement(s), arrangement(s), application(s), authority letter(s), or any other related paper(s)/document(s), give any undertaking(s), affidavit(s), certification(s), declaration(s) as he/she may in his/her absolute discretion deem fit including, without limitation, the authority to amend or modify such document(s).

RESOLVED FURTHER THAT the Board and other designated officers of the Company, be and are hereby severally authorised to make all filings including as regards the requisite listing application/ prospectus/ offer document/ registration statement, or any draft(s) thereof, or any amendments or supplements thereof, and of any other relevant documents with the stock exchanges (in India or abroad), the RBI, the FIPB, the SEBI, the Registrar of Companies and such other authorities or institutions in India and/or abroad for this purpose and to do all such acts, deeds and things as may be necessary or incidental to give effect to the resolutions above and the Common Seal of the Company be affixed wherever necessary.

RESOLVED FURTHER THAT the Board be and is hereby authorised to severally delegate all or any of its powers herein conferred to any committee of Directors or any Executive Director or Directors or any other officer of the Company, in order to give effect to the above resolutions.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects."

9. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:-

Preferential Issue of Fully Convertible Warrants :

"RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with the provisions of the Memorandum and Article of Associations of the Company and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any other rules, regulations, guidelines, notifications, circulars issued by the Securities and Exchange Board of India ("SEBI"), and in accordance with rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by Government of India ("GOI"), the Reserve Bank of India ("RBI") or any other relevant authority from time to time and in terms of the provisions of and the conditions, as prescribed under the Listing Agreements entered into by the Company with the Stock Exchange on which the Company's shares are listed and subject to such approvals, consents, permissions and sanctions as may be prescribed by and of them while granting any such approval, consent, permission, and sanctions (hereinafter referred to as "Requisite Approval"), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" Which term shall be deemed to include any Committee thereof which the Board may have constituted or hereinafter or exercise its powers including the powers conferred by this resolution), the consent of the shareholders of the Company be and is hereby accorded to the Board to offer, issue and allot, in one or more tranches and upon such terms and conditions as may be deemed appropriate by the Board, by way of preferential allotment up to an aggregate of not exceeding 6,00,000 (Six Lac) Fully Convertible Warrants ('FCWs') (hereinafter referred as "Warrants") to the following persons:

| Sr. No. | Name | Total No. of Warrants |
|---------|--|-----------------------|
| 1. | Dr. Iguer ABDelmounaim jointly with Mrs. Benkadi Fella | 5,50,000 |
| 2. | Mr. Salhi Khaled jointly with Mrs. Ait Oudhia Nassima | 50,000 |
| | Total | 6,00,000 |

in one or more tranches, the holder of each such warrant to apply for and be allotted one fully paid up Equity Share of the face value of Rs.10/- each, at any time not exceeding 18 months from the date of allotment of the warrants in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other relevant authorities as may be applicable, to such extent on such terms and conditions as the Board may in its absolute discretion think fit, at a price ("Issue Price") not less than Rs.50/- (Rupees Fifty Only) per warrant/Equity Shares, and at the lapse of the 18 months from the date of allotment, if the option is not exercised, the advance paid towards the above-mentioned warrants shall be forfeited by the Company.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the Board be and is hereby authorized to determine as to the terms and conditions of the said offer, when to offer, the number and value of the Offer(s) in each tranche and utilization of the issue proceeds.

RESOLVED FURTHER THAT the Relevant Date for the purpose of pricing of the FCWs shall be the date 30 days prior to date of the on which the holders of the FCWs become entitled to apply for the Equity Shares of the Company, as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, however, the issue price shall not be less than Rs.50/- per warrant / Equity Share or such other higher price as may be arrived as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

RESOLVED FURTHER THAT the issue of warrants shall be subject to the following terms and conditions:

1. The warrants shall be convertible at any time within a period of 18 months from the date of allotment of warrants;
2. Each warrant shall be convertible into one equity share of Rs.10/- each;
3. The warrant holder(s) shall, on or before the date of allotment of the warrants, pay an amount equivalent of 25% of the warrant offer price determined in accordance with the SEBI (ICDR) Regulations, 2009, the issue price shall not be less than Rs.50/- per warrant /Equity Share or such other higher price as may be arrived as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ;
4. The warrant holder(s) shall, on the date of allotment for conversion into equity shares, pay the balance 75% of the consideration towards the subscription to each equity share;
5. The amount referred to in (3) above shall be forfeited if the warrant holder does not apply for conversion within 18 months from the date of issue of the warrants”.
6. The relevant date for the purpose of the pricing of issue of resultant shares in accordance with the SEBI (ICDR) Regulation, 2009, viz. the date 30 days prior to date on which the holders of the FCWs become entitled to apply for the Equity Shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to decide and approve, in the best interest of the Company, the other terms and conditions of the issue of convertible warrants/resultant equity shares and to vary, modify or alter any of the terms and conditions including the size of the issue, if required, as it may deem expedient, without being required to seek any further consent or approval of the Company in a General Meeting.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon the conversion of warrants and that the said equity shares shall be subject to the Memorandum and Article of Association of the company and shall rank pari-passu with the existing Equity shares of the Company.

RESOLVED FURTHER THAT the Board / committee be and is hereby authorized to accept the terms, conditions and stipulations made by the regulatory authorities while granting approval to the company for the issue of warrants / securities as aforesaid.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to delegate all or any of the powers conferred by this resolution to any director or directors or to any committee of director(s) or any other officer or officers of the company and to do all such acts, matters, things and deeds and to take all such steps and to do all such things and give all such directions as the board may consider necessary, expedient or desirable and also to settle any questions or difficulties or doubts that may arise in regard to the offer/issue, allotment and utilization of the proceeds and further to do all such acts, deeds, matters and things and to finalize and execute all documents and writings as may be necessary, proper, desirable or expedient as the board, in its absolute discretion may deem fit and take all such steps which are incidental and ancillary in this regard.”

For **ZIM LABORATORIES LIMITED**

(Anwar S. Daud)
Managing Director

Place: Nagpur
Date: 06th September, 2011

Zim Laboratories Limited

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
4. The Explanatory Statement pursuant Section 173 (2) of the Companies Act, 1956 is attached and forms part of this notice..
5. Members / proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
6. Brief resume of Directors proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange in India, are provided in the "Annexure A" to the Notice.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. The Register of Directors' Shareholding, maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the AGM.
9. The Register of Members and Share Transfer Books will remain closed from September 20, 2011 to September 30, 2011 (both days inclusive).
10. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Link Intime India Private Limited, C-13, Pannalai Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai - 400 078, India, for consolidation into a single folio.
11. **Members/Proxy holders are requested to bring their copies of the Annual Report with them to the Annual General Meeting.**
12. **Members are requested to send to the Company their queries, if any, on accounts and operations of the Company at least 10 days before the meeting to enable the Company to provide the required information.**
13. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.
14. **ZIM LABORATORIES** is concerned about the environment and utilizes natural resources in a sustainable way. Recently, the Ministry of Corporate Affairs (MCA), Government of India, through its Circular Nos. 17 / 2011 and 18 / 2011, dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send official documents to their shareholders electronically as part of its green initiatives in corporate governance. Recognizing the spirit of the circular issued by the MCA, we henceforth propose to send documents like the Notice convening the general meetings, Financial Statements, Directors' Report, Auditors' Report, etc to the email address provided by you with the relevant depositories. We request you to update your email address with your depository participant to ensure that the annual report and other documents reach you on your preferred email.

Annexure A

Details of the Directors seeking Appointment or re-appointment at the Annual General Meeting:

| Particulars | Mr. Faiz Z. Vali | Dr. V.V. Parashar |
|---|---|---|
| Age | 44 Years | 71 Years |
| Date of appointment | 24.07.2009 | 19.07.2008 |
| Qualification & Experience in specific functional area | Graduate in Pharmacy M.D. of Unijules Life Sciences Limited. | Ph.D in Pharmaceutical Chemistry. Professor of Pharmaceutical Chemistry in Nagpur University for 38 years. Guide for Ph.D students. |
| Directorships held in other companies | Unijules Life Sciences Limited | NIL |
| Memberships/ Chairmanships of committee in other Public companies | Member Audit Committee Unijules Life Sciences Limited | NIL |
| Shareholding, if any, in the Company | NIL | NIL |

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business for the Annual General Meeting to be held on 30.09.2011.**Item No.6:**

The Board of Directors had appointed Mr. Anwar S. Daud as Managing Director for a period of five years w.e.f. 01.04.2009 at a consolidated salary of Rs. 24.00 lacs per annum, pursuant to Section 269 and 198 and other applicable sections of the Companies Act, 1956 and in compliance with Schedule XIII of the Companies Act, 1956, for the period from 01.04.2009 to 31.03.2014. Considering the progress made by the company, his consolidated salary of Rs. 24.00 lacs was increased to Rs. 36.00 lacs per annum for the period from 01.04.2010 to 31.03.2014, pursuant to Section 310-(a) of the Companies Act, 1956 and in compliance with Schedule XIII of the Companies Act, 1956 by the Board of Directors by Board Resolution on 26.02.2011 but this was done subject to approval by the Members.

It is, therefore, recommended that the members may accord their approval for the above increase in remuneration by passing the Ordinary Resolution proposed in the Notice.

Mr. Anwar S. Daud, is interested in the resolution being the appointee and Mr. Zakir S. Vali and Mr. Faiz Z. Vali, being relatives of Mr. Anwar S. Daud, may be deemed to be interested or concerned in the above-mentioned resolution to be passed as an ordinary resolution.

Mr. Anwar S. Daud is son-in-law of Mr. Zakir S. Vali, Chairman and brother-in-law of Mr. Faiz Z. Vali, Director of the Company respectively.

None of the other Directors of the Company may be deemed to be concerned or interested in the proposed resolution.

The above information with respect to revision of the terms and conditions of the appointment of the managerial personnel be treated as abstract under Section 302 of the Act.

Item No. 7

In terms of the Foreign Exchange Management Act, 1999 (FEMA), the Companies Act, 1956 consent of the members of the Company is required for investments by Non-Resident Indians (NRIs) in the shares of the Company, under Foreign Direct Investments Scheme or by purchase / acquisition from the market under the Portfolio Investment Scheme or by any other permitted mode under FEMA and other statutes, upto an aggregate of 24% of the paid-up equity share capital of the Company or such other maximum ceiling/limit as may be prescribed from time to time. Considering the Company being a listed Company, your Directors propose the above resolution to be passed as Special Resolution.

None of the Directors may be deemed to be interested or concerned in the above resolution.

Item No. 8

Considering the various on going projects, the Company may be required to avail long-term funds and would tap ADR/GDR/QIP.

Therefore, your Directors propose to raise additional capital of upto Rs.500 crores and seek consent of the shareholders by way of special resolution for authorizing the Board of Directors of the Company (the "Board") to issue Securities to any international or domestic investor resident in or outside India, through preferential issue(s), private placement(s) or any combination thereof, including any QIPs under the ICDR Regulations. The issue of Securities as proposed shall be subject to the provision of the applicable regulations including the pricing, as set out in the resolution. Accordingly, an enabling resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. The Securities issued pursuant to the offering may be listed on the Indian Stock Exchanges and any other stock exchanges inside or outside India, or issued without any listing on any stock exchange to the extent permissible by law. Pursuant to the above, the Board may, in one or more tranches, issue or allot equity shares and/or any securities linked to, convertible into or exchangeable for equity shares, including, without limitation, through Global Depository Receipts and/or American Depository Receipts and/or convertible preference shares and/or convertible debentures (compulsorily and/or optionally, fully and/or partly) and/or non-convertible debentures (or other securities) with warrants and/or warrants with a right exercisable by the warrant holder to exchange or convert such warrants with equity shares of the Company at a later date simultaneously with the issue of non-convertible debentures and/or Foreign Currency Convertible Bonds and/or Foreign Currency Exchangeable Bonds and/or any other permitted fully and/or partly paid securities/ instruments/ warrants, convertible into or exchangeable for equity shares at the option of the Company and/or the holder(s) of the security(ies), and/or securities linked to equity shares or otherwise as the Board may decide.

Section 81(1A) of the Companies Act and the provisions of Listing Agreements entered into with the Stock Exchanges, provide, inter alia, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares may be offered to the person other than members of the Company, unless the members decide otherwise. The special resolutions seek the consent and authorization of the members to the Board to make the proposed issue of Securities, in consultation with the lead managers, advisors and other intermediaries and in the event it is decided to issue Securities convertible into equity shares, to issue to the holders of such convertible Securities in such manner and such number of equity shares on conversion as may be required to be issued in accordance with the terms of the issue, keeping in view the prevailing market conditions and in accordance with the applicable provisions of the rules, regulations or guidelines.

None of the Directors is in any way concerned or interested in these resolutions.

The Board recommends the passing of the resolution set out in Item No. 8 as a Special Resolution.

Item No. 9:

To augment long-term resources and for general corporate purposes, working capital requirements of the Company, as may be decided by the Board, the Company proposes to raise funds by way of issue of upto an aggregate of not exceeding Rs.5 Crore by issue of Fully Convertible Warrants ('FCWs') (hereinafter referred as "Warrants") to the following persons viz. 1) Dr. Iguer ABDelmounaim jointly with Mrs. Benkadi Fella and 2) Mr. Salhi Khaled jointly with Mrs. Ait Oudhia Nassima, in one or more tranches, the holder of each such warrant to apply for and be allotted one fully paid up Equity Share of the face value of Rs.10/- each, at any time not exceeding 18 months from the date of allotment of the warrants in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other relevant authorities as may be applicable, to such extent on such terms and conditions as the Board may in its absolute discretion think fit, at a price ("Issue Price") not less than Rs.50/- (Rupees Fifty Only) or such other higher price as may be arrived as per SEBI Regulations.

Letter of Intent from the proposed allottees agreeing to subscribe to the offer has been received by the Company.

The "Relevant Date" for determining the issue price of the FCWs / resultant equity shares to be allotted against warrants shall be the date 30 days prior to date of the on which the holders of the FCWs become entitled to apply for the Equity Shares of the Company, as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, however, the issue price shall not be less than Rs.50/- per warrant /Equity Share or such other higher price as may be arrived as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

In terms of regulation 73 (1) of the SEBI ICDR Regulations, the Company submits / make disclosure as under:

(1) (a) Objects of the Issue

The funds proposed to be raised are to augment long-term resources and for general corporate purposes, working capital requirements of the Company as may be decided by the Board and in addition to create synergy by offer, issue and allotment of Shares to certain preferred persons, on selective basis for improving / developing the business and to accelerate the growth of the Company.

b) Intention of Promoters/Directors/Key Management Persons to subscribe to the offer:

Not Applicable. Since none of the Promoters / Directors / Key Management Persons of the Company are subscribing to the said offer.

The shares/warrants are proposed to be allotted in the following manners:

| Sr. No. | Name | Pre-issue Holding | % to Equity Pre-issue | Total No. of Warrants |
|---------|--|-------------------|-----------------------|-----------------------|
| 1. | Dr. Iguer ABDelmounaim jointly with Mrs. Benkadi Fella | Nil | Nil | 5,50,000 |
| 2. | Mr. Salhi Khaled jointly with Mrs. Ait Oudhia Nassima | Nil | Nil | 50,000 |
| | Total | Nil | Nil | 6,00,000 |

The allotment would not result in any change in the control or management of the affairs of the company.

(c) Tentative Shareholding Pattern of the Company before and after the proposed issue

| Category | Pre - Issue shareholding | | Post - issue / conversion shareholding (on tentative basis)* | |
|---|--------------------------|------------------------|--|------------------------|
| | No. of shares | % to the total capital | No. of shares | % to the total capital |
| Promoters and Promoter Group (A) - | | | | |
| Indian Promoters & Promoters' group - | | | | |
| Unijules Life Sciences Limited | 32,60,590 | 54.34 | 32,60,590 | 49.40 |
| Mr. Anwar Siraj Daud | 11,85,000 | 19.75 | 11,85,000 | 17.9 |
| Mr. Zakir S. Vali | 9,060 | 0.15 | 9,060 | 50.14 |
| Mr. Mohammed S. Vali | 6,010 | 0.10 | 6,010 | 0.09 |
| Mr. Moiz Salebhai Vali | 5,000 | 0.08 | 5,000 | 0.07 |
| Ms. Maryam Sabir Vali | 14,500 | 0.24 | 14,500 | 0.23 |
| Ms. Shehnaz Moiz Vali | 100 | - | 100 | - |
| Mr. Murtuza Moiz vali | 100 | - | 100 | - |
| Ms. Yasmeen Moiz Vali | 100 | - | 100 | - |
| Mr. Lameez Moiz Vali | 6,500 | 0.12 | 6,500 | 0.11 |
| Ms. Tasneem Daud | 5,000 | 0.09 | 5,000 | 0.07 |
| Sub Total | 44,91,960 | 74.87 | 44,91,960 | 68.06 |
| Institutional Investors - | NIL | NIL | NIL | NIL |
| Mutual Funds and UTIFIs/Banks, | NIL | NIL | NIL | NIL |
| Insurance Cos | NIL | NIL | NIL | NIL |
| FIIIs | NIL | NIL | NIL | NIL |
| Sub Total | NIL | NIL | NIL | NIL |
| Others - | | | | |
| Private Corporate Bodies Indian | 1,07,100 | 1.78 | 1,07,100 | 1.62 |
| Public/ NRI/OCBs | 14,00,940 | 23.35 | 20,00,940 | 30.32 |
| Clearing Member | Nil | Nil | Nil | Nil |
| Any other (GDR) | Nil | Nil | Nil | Nil |
| Sub Total | 15,08,040 | 25.13 | 21,08,040 | 31.94 |
| Grand Total | 60,00,000 | 100.00 | 66,00,000 | 100.00 |

(d) Proposed time within which the allotment shall be complete.

In accordance with Regulation 74 (1) of the SEBI ICDR Regulations, 2009, the Company shall complete the allotment within 15 days of passing of the resolution by the members, provided that the time for allotment shall be extended by the time taken for obtaining approval for such allotment from any regulatory authority.

(e) The Identity of the proposed allottee and the percentage of post Preferential issued capital that may be held by them

After the conversion of these warrants into equity shares, the holding of proposed allottees will be as follows.

| Identity of the Proposed Allottees | No. of Warrants to be allotted | No. of Shares Post allotment | % of Shareholding Post-Issue / conversion |
|--|--------------------------------|------------------------------|---|
| Dr. Iguer ABDelmounaim jointly with Mrs. Benkadi Fella | 5,50,000 | 5,50,000 | 8.33% |
| Mr. Salhi Khaled jointly with Mrs. Ait Oudhia Nassima | 50,000 | 50,000 | 0.76% |

Note: It is assumed that the allottee of warrants would exercise his entire entitlement in one or more conversions.

(f) The Company undertakes to re-compute the price of the Equity Shares in terms of the provisions of the SEBI ICDR Regulations, 2009, if required to do so, to comply with any provisions and that if the amount payable on re-computation of price is not paid within the time stipulated in the SEBI ICDR Regulations, the Equity Shares shall continue to be further locked-in till the time amount is paid by the allottees.

(3) Conversion period & Terms of Payment

An amount, as may be decided by the Board of Directors, not less than 25% of the issue price or such other amount as may be prescribed by SEBI from time to time, shall be payable upon subscription to the warrants. The Company has already received this amount from the respective proposed allottees. The warrants would be allotted on the following terms:

- The holder of warrants will be entitled to apply for and be allotted, in one or more tranches, 1 (one) equity share of the Company per warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment. Upon exercise of the right to subscribe for equity shares, the warrant holders shall be liable to make the payment of the balance sum per warrant (being 75% or less as the case may be of the issue price) towards subscription to each equity share, as may be applied. The amount paid against warrants shall be adjusted / set-off against the issue price of the resultant equity shares.
- Upon receipt of the payment as above, the Board (or a Committee thereof) shall allot one equity share per warrant by appropriating Rs.10/- towards equity share capital and the balance amount paid against each warrant, towards the securities premium.
- If the entitlement against the warrants to apply for the equity share is not exercised within 18 months from the date of allotment, then such warrants along with the rights attached thereto shall expire and any amount paid on such warrants shall stand forfeited.
- The warrant holders shall also be entitled to any future issue of bonus/rights, if any, of equity shares or warrants convertible into equity shares or such other securities by the Company, in the same proportion and manner as any other member of the Company for the time being and the Company shall reserve proportion of such entitlement for the warrant holders.
- The warrant by itself does not give to the holder(s) thereof any rights of the members of the Company.
- The equity shares issued as above shall rank pari passu in all respects with the then existing equity shares of the Company including dividend. The equity shares and warrants shall be subject to the Memorandum and Articles of Association of the Company.

(4) Lock-in Period

The warrants issued and allotted on a preferential basis to the persons other than promoter and promoter group and the equity shares allotted pursuant to exercise of options attached to warrants issued on preferential basis will be subject to lock-in for period of one year from the date of allotment of the warrants as per the provisions of regulation 78 (2) of the SEBI ICDR Regulations, 2009.

The present resolution is proposed to be passed in order to enable the Board of Directors of the Company to make the above-mentioned preferential issue and allotment. The consent of the members of the company, by way of a special resolution is required, for items enumerated at item no. 9.

The Board believes that the proposed offer will be in the best interest of the Company and its members. The Members are, therefore requested to accord their approval to the proposed resolution set out at Items No.9 by way of Special Resolution.

None of the Directors of the Company are deemed to be concerned or interested in the said resolutions to the extent of the shares held by them in the Company.

DIRECTORS' REPORT

To
The Members
ZIM Laboratories Limited

The Board of Directors of your Company has the pleasure in presenting the Directors' Report along with the audited financial statements for the year ended on 31.03.2011 as follows: -

PERFORMANCE DURING THE YEAR:

(Rs. In Lacs)

| Particulars | 2010-11 | 2009-10 |
|--|----------------|----------|
| Sales (Net) | 14086.73 | 98131.64 |
| Other Income | 223.29 | 212.35 |
| Gross Income before Interest and Depreciation | 2178.47 | 1528.95 |
| Less : Interest | 675.58 | |
| Depreciation | 176.91 | |
| Profit Before Tax | 1373.02 | 1034.21 |
| Less: Provision for Tax (Current year) | (354.87) | (330.00) |
| Deferred Tax | (74.32) | (54.56) |
| Less: Income Tax Earlier Year | (4.51) | 0.98 |
| Profit After Tax | 948.35 | 648.66 |
| Balance in Profit & Loss Account brought forward | 1752.58 | 1103.91 |
| Profit available for Appropriation | 2700.93 | — |
| Appropriation : | | |
| Proposed Dividend | 60.00 | — |
| Corporate Dividend Tax | 9.96 | — |
| Balance carried over to Balance Sheet | 2630.96 | 1752.58 |

WORKING RESULTS :-

The gross sales for the financial year under review were Rs. 14373.71 lacs, as against Rs.10005.12 lacs for the previous financial year registering an increase of 30% over the previous year. The profit before tax has increased from Rs.1034.21 lacs to Rs.1373.02 lacs during the year under review.

PRESENT OUTLOOK :

The company is poised for a proactive capacity in order to take advantage of the tremendous market potential particularly in South African countries. Special research efforts are being made in the field of advanced formulation technology and Innovative Drug Delivery System. The company has already obtained certain patents in this respect.

In the pharmaceutical industry, research & developing new techniques and products involve highly intensive research and advanced knowledge about new products and processes in which our company is in a commanding position because of active collaboration between the company and Research Scholars of Universities.

There is a huge demand for palliatives and therapeutic formulations in backward countries but they are not having the knowledge or infrastructure to develop the required formulations to develop the innovative drug delivery system and ZIM Lab. has filled the vacuum in deliverable system and in large quantities. Government of India is outlying huge sums on research and public health care schemes and ZIM Lab. is in a position to take advantage of the grants and subsidies being offered by the Government of India and thus, building as a bridge between the needy patients and available knowledge base in the industry for the benefit of the common man and thus, serving as a very effective link in Government efforts in the field of Public Health Care and making the formulations available to the masses at affordable price.

PROJECTION :

The company proposes expansion of existing formulation facility in B-21/22 at a cost of Rs. 11.60 Crores and Administrative building, warehouse, F & D, R & D Utility manufacturing facilities at B-21/22 at a cost of Rs. 11.65 Crores.

Funds required for above expansion proposals shall be met through infusion of equity and External Commercial Borrowing through Banking channel.

Zim Laboratories Limited

The company also proposes to set up a plant in SEZ MIHAN, Nagpur for manufacturing of PFI with a small pilot capacity of tablets and capsules so as to ensure that the PFI so manufactured will be of the same specifications as per the customers' requirement in overseas market for manufacture of formulation for tablets and capsules.

DIVIDEND:

Your Directors are pleased to recommend a Dividend of 10% for the financial Year 2010-11. The Dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear on the register of members of the Company as on 30th September, 2011 within the period as prescribed under the Companies Act, 1956.

CAPITAL & FINANCE :

Capital:

The company has not issued any further equity shares during the year under review.

Finance :

- (i) Vide letter No. CB:AMT-VI:2010:3661 dt. November 29, 2010 State Bank of India, Commercial Branch, Mumbai has taken over the limit of Rs. 27.86 Crores of Axis Bank and sanctioned fresh limit of Rs. 20.75 Crores and Forward Contracts of Rs. 30.00 lacs, thus the total working out to Rs. 48.91 Crores.
- (ii) vide letter No. SVC/SKN/ADV/2010-11 dt. 31.03.2011 The Shamrao Vithal Co-operative Bank Limited has sanctioned additional limit of Rs. 3.60 Crores

PARTICULARS OF EMPLOYEES PURSUANT TO SEC. 217 (2A) OF THE COMPANIES ACT:

No employee of the company has drawn remuneration more than Rs.60 lac per annum if employed for the whole year or @ Rs.5 lac per month if employed for part of the year and, therefore no particulars are required to be reported.

FIXED DEPOSITS:

During the year the Company has accepted Deposits from proposed franchisees to meet with the expansion of the market for the products and returned the advances, due to deferment of the plan. However there was no acceptance / renewal of Deposits in terms of Section 58A of the Companies Act, 1956 read with the Rules made thereunder.

TECHNOLOGY ABSORPTION, CONSERVATION OF ENERGY, FOREIGN EXCHANGE EARNINGS AND OUTGO AND POLLUTION CONTROL MEASURES:

Information pursuant to Sec. 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in Report of Board of Directors) Rules, 1988 is given in Annexure 'Y' attached hereto and forming part of this Report.

DIRECTORS:

Mr. Hatim Bilal ceased to be Independent Director by resignation with effect from 31.03.2011.

Mr. Faiz Z. Vali, Director and Dr. V.V. Parashar, Independent Director have offered to retire by rotation and being eligible and willing for reappointment, the Board recommends their reappointment.

CORPORATE GOVERNANCE REPORT :

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has complied with the applicable provisions of Corporate Governance under clause 49 of the Listing Agreement with the Stock Exchanges,

A Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report,

AUDITORS' REPORT :

With respect to the observations of the Auditors, under Sr. No.6 and 7 of the Annexures to Auditors' Report, viz., acceptance of deposits and repayment during the year and the Company does not have formal Internal Audit System during the year under review,

Your Directors reply as follows:

With respect to the Deposits accepted and repaid, the Company had proposed a franchisee to meet with the expansion of the market for the products and returned the advances, due to deferment of the plan; and The Company has already appointed Internal Auditors and Cost Auditors and initiated the process for strengthening the internal controls and measures.

AUDITORS:

M/s. Paliwal Modani & Co., who are due to retire at the conclusion of the ensuing Annual General Meeting have expressed their willingness for reappointment and have also confirmed that if re-appointed, the appointment would be within the limit prescribed under Sec. 224 (1B) of the Companies Act, 1956 and therefore, the Board recommends their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the companies Act,1956 your Directors hereby state :-

- 1) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- 2) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit of the company for that period;
- 3) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- 4) that the Directors had prepared the annual accounts on a going concerns basis.

ACKNOWLEDGEMENTS

The Board wishes to place on record its sincere appreciation of the significant contribution made by the employees through their dedication and hard work.

The Board also expresses its gratitude to the analysts, bankers, shareholders and government agencies for their guidance and co-operation.

For and on behalf of the Board of Directors

Nagpur
Date: 12th August, 2011

(Zakir S Vall)
Chairman

PARTICULARS REQUIRED TO BE GIVEN IN THE BOARD REPORT UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS) RULES, 1988.

a) CONSERVATION OF ENERGY :

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

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

2. **Additional investment and proposal for reduction in consumption of Energy :** Nil.

i) The impact of Measures (1) and (2) :

Adoption of above energy conservation measures have helped to curtail the proportionate increase in total energy usage. This has helped to optimize cost of production.

ii) Total energy consumption and energy consumption per unit :

The total consumption and consumption per unit, of energy are given in attached "Form A".

b) TECHNOLOGY ABSORPTION :

The company has no collaboration for technology and hence the question of technology absorption does not arise. However, details of efforts made to upgrade and innovate the technology adopted are given under Research & Development in Form - "B".

c) FOREIGN EXCHANGE EARNING AND OUTGO :

(figure in lac)

| | | |
|--|---|-------------|
| 1. Foreign Exchange earned during the year | : | Rs. 4197.89 |
| 2. Expenditure in Foreign Exchange | : | Rs. 786.09 |

d) POLLUTION CONTROL MEASURES :

The company being engaged in manufacturing pharmaceuticals, extreme care is taken to ensure that no pollutant enters the process or escapes to the environment and the production is carried out in well-controlled conditions. Further, meticulous care is taken to maintain hygienic conditions both inside the plant and in the surroundings.

FORM "A"**Power and Fuel Consumption****1. Electricity :-**

(a) Purchased

| Particulars | 2010-11 | 2009-10 |
|--------------------|-------------|-------------|
| Units | 31,87,986 | 20,08,738 |
| Total amount (Rs.) | 1,80,01,804 | 1,07,10,970 |
| Rate/Unit (Rs.) | 5.65 | 5.332 |

(b) Own generation – through Diesel Generator Set

| Particulars | 2010-11 | 2009-10 |
|--------------------|---------|---------|
| Units | 332982 | 438483 |
| Total amount (Rs.) | 1866437 | 2215222 |
| Rate/Unit (Rs.) | 5.61 | 5.05 |

2. Coal (used in Boiler) :-

| Particulars | 2010-11 | 2009-10 |
|--------------------|---------|---------|
| Units | Nil | Nil |
| Total amount (Rs.) | Nil | Nil |
| Rate/Unit (Rs.) | Nil | Nil |

3.

| Particulars | 2010-11 | 2009-10 |
|--------------------|---------|---------|
| Units | 2533005 | 1013040 |
| Total amount (Rs.) | 5324181 | 3373223 |
| Rate/Unit (Rs.) | 2.10 | 3.33 |

"FORM B"**Research and Development (R & D) 2010 - 2011****(1) Specific area in which R & D carried out by the company :**

- Development of new pharmaceutical formulations.
- Development, evaluation and standardisation of product.
- Process development of new bulk drugs and intermediates.
- Establishing the standards, specification and analytical procedure of new products and intermediates.

(2) Benefit derived as a result of the above R & D :

- More efficient process for manufacture of formulations.
- Economy in product packaging.
- Substitution of Imported ingredients with indigenous ones.
- Optimum utilisation of resources.
- Development of new products and process for manufacture of formulations.

(3) Future plan of action :

- Development of new pharmaceutical formulations.
- Clinical trials of new drugs.
- Design and development of novel delivery systems for imported drugs.
- Study the bio-availability and effect of various bio-pharmaceuticals parameters on availability of drugs.

Annexure - II

CORPORATE GOVERNANCE REPORT

The Company's shares are listed with OTC Exchange of India. Therefore, pursuant to Clause 49 of the Listing Conditions, the company's Corporate Governance Report is presented as follows :-

I) **Company's philosophy on code of governance :-**

The company being a Listed Company, 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.

II) **Board of Directors :**

I) The company's Board of Directors consists of Promoter Directors and other Non-Executive and Independent Directors. The composition of the Board of Directors is given below :

| | | | |
|-----|--|---|------------------------|
| (1) | Mr. Zakir S. Vali (Executive Director) | : | Chairman |
| (2) | Mr. Anwar S. Daud (Executive Director) | : | Managing Director |
| (3) | Mr. Riaz K. Kamal | : | Executive Director |
| (4) | Mr. Faiz Z. Vali (Representative of Holding Company Unijules Life Sciences Ltd.) | : | Non Executive Director |
| (5) | Mr. A.C. Tiwari | : | Independent Director |
| (6) | Dr. V.V. Parashar | : | Independent Director |
| (7) | Mr. Hatim Bilal (till 31.03.2011) | : | Independent Director |
| (8) | Mr. Naresh Gaikwad | : | Independent Director |

II) Attendance of each Director at the Board of Directors Meeting and the last Annual General Meeting.

Attendance record of the Directors at the Board Meetings :-

30.04.2010, 19.05.2010, 31.05.2010, 15.06.2010, 28.06.2010, 16.07.2010, 29.09.2010, 19.11.2010, 30.11.2010, 11.12.2010, 27.12.2010, 15.01.2011, 24.01.2011, 26.02.2011, 15.03.2011 and 26th Annual General Meeting held on 30.07.2010 are given below :-

| Sr. No. | Name of Director | Board meetings | | Attendance at the last Annual General Meeting |
|---------|--|--------------------|----------|---|
| | | Held during tenure | Attended | |
| 1. | Mr. Zakir S. Vali | 15 | 15 | Yes |
| 2. | Mr. Anwar S. Daud | 15 | 15 | Yes |
| 3. | Mr. Riaz K. Kamal | 15 | 15 | Yes |
| 4. | Mr. Faiz Z. Vali | 15 | 15 | Yes |
| 5. | Mr. A.C. Tiwari (Chairman, Audit Committee) | 15 | 15 | Yes |
| 6. | Dr. V.V. Parashar | 15 | 13 | No |
| 7. | Mr. Hatim Bilal | 15 | 10 | No |
| 8. | Mr. Naresh Gaikwad | 15 | 14 | No |

III) Number of Board meetings held and date on which held.

The company has held fifteen meetings of the Board of Directors, as against statutory requirement of four meetings, on the following dates :-

| Sr. No. | Date of Board meeting |
|----------------|------------------------------|
| 1. | 30.04.2010 |
| 2. | 19.05.2010 |
| 3. | 1.05.2010 |
| 4. | 15.06.2010 |
| 5. | 28.06.2010 |
| 6. | 16.07.2010 |
| 7. | 29.09.2010 |
| 8. | 19.11.2010 |
| 9. | 30.11.2010 |
| 10. | 11.12.2010 |
| 11. | 27.12.2010 |
| 12. | 15.01.2011 |
| 13. | 24.01.2011 |
| 14. | 26.02.2011 |
| 15. | 15.03.2011 |

III) Audit Committee :

i) Brief description of terms of reference.

The terms of reference include the powers as stipulated in Clause 49II(C), the role of the Audit Committee as laid down in Clause 49II (D) and review of information pursuant to Clause 49II (E) of the Listing Agreement with the Stock Exchange. The terms of reference also fully conform to the requirements of Section 292A of the Companies Act, 1956.

ii) Composition :

The Audit Committee was constituted on 19.07.2008 consisting of the following members and Chairman.

- | | |
|--|----------|
| 1. Mr. A.C. Tiwari(Independent Director) : | Chairman |
| 2. Mr. Riaz K. Kamal(Executive Director) : | Member |
| 3. Dr. V.V. Parashar(Independent Director) : | Member |

IV) Audit Committee Meetings :

During the year ended 31st March, 2011 the Audit Committee meetings were held on 16.04.2010, 10.07.2010, 15.11.2010 and 20.12.2010. The Annual Accounts for the year ended 31.03.2011 was considered by the Committee at its meeting held 10.08.2011 and recommended for its approval by the Board of Directors.

- The Audit Committee meetings were also attended by the Managing Director.
- The Company Secretary acts as Secretary to the Audit Committee.
- The Chairman of the Audit Committee attended the last Annual General Meeting held on 30.07.2010.

V) Remuneration Committee :

The company has not constituted Remuneration Committee because the occasions are very few and the Board itself considers the subject as and when need arises.

VI) Remuneration Policy :

The remuneration for Executive Directors is decided by the Board subject to approval by the shareholders, the terms complying with the terms & conditions of the Schedule XIII of the Companies Act, 1956 pursuant to Section 269 (2) of the Companies Act.

The total remuneration for Non-Executive Directors is paid by way of commission limited to 1% of the net profit of the company approved by the shareholders by Special Resolution pursuant to Section 309 (4) (b) of the Companies Act, 1956.

VII) Details of Sitting fees/remuneration :

a) Sitting Fees :

The Directors are not paid any Sitting Fee.

b) Remuneration paid to the Executive Directors :

| Name of Executive Director | Salary Rs. | Other benefits and perquisites Rs. | Total Rs. |
|---|--------------|------------------------------------|--------------|
| Mr. Zakir S. Vali Chairman | 9,00,000.00 | NIL | 9,00,000.00 |
| Mr. Anwar S. Daud Managing Director | 36,00,000.00 | NIL | 36,00,000.00 |
| Mr. Riaz K. Kamal Executive Director | 8,50,000.00 | NIL | 8,50,000.00 |

VII) Shareholders Grievance Committee :

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 Directors | Position held |
|---------|--|---------------|
| 1) | Mr. A.C. Tiwari, Independent Director | Chairman |
| 2) | Dr. V.V. Parashar, Independent Director | Member |
| 3) | Mr. Naresh Gaikwad, Independent Director | Member |
| 4) | Anwar S. Daud, Managing Director | Member |

Name and designation of Compliance Officer :

Mr. R.A. Parasuraman, Company Secretary acts as the Secretary to the Shareholders Grievance Committee and also as the Compliance Officer

Status of Shareholders' complaints :

During the year no complaint was received from any shareholder and therefore, there was no occasion for the Committee to meet.

VIII) General Body Meetings :

i) Location, time and venue of last three Annual General Meetings.

| Year | Date of meeting | Time | Venue |
|------|-----------------|------------|--|
| 2008 | 30.09.2008 | 04.00 p.m. | Registered Office : Shop No. 41, Manisha Plaza, Sonapur Lane, Kurla (W), Mumbai - 400 070 |
| 2009 | 24.07.2009 | 11.00 a.m. | Registered Office : Shop No. 41, Manisha Plaza, Sonapur Lane, Kurla (W), Mumbai - 400 070 |
| 2010 | 30.07.2010 | 11.00 a.m. | Registered Office : Shop No. 41, Manisha Plaza, Sonapur Lane, Kurla (W), Mumbai - 400 070 |

| | | | |
|------|---|---|-----|
| ii) | Whether any Special Resolutions passed in the previous 3 AGM. | : | No |
| iii) | Whether any Special Resolutions passed last year through postal ballot | : | No |
| iv) | Person who conducted the postal ballot Exercise. | : | No |
| v) | Whether any special resolution is proposed to be conducted through postal ballot. | : | No. |
| vi) | Procedure for postal ballot | : | NIL |

IX) **Disclosures :**

- 1) 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 such transaction took place during the year ended 31st March, 2011.

- 2) Disclosure by Senior Management in accordance with Clause 49-IV(F)(ii) of the Listing Agreement :

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.

- 3) **Disclosure on compliance of law :**

The company has complied with the mandatory requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years. No penalties were imposed by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.

- 4) **Whistle Blower Policy :**

The company does not have any Whistle Blower Policy as of now but no personnel is being denied any access to the Audit Committee.

- 5) **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.

- 6) **Certificate from CEO (Managing Director):**

Certificate from Mr. Anwar S. Daud, Managing Director in terms of Clause 49(v) of the Listing Agreement for the financial year ended 31.03.2011 was placed before the Board of Directors at its meeting held on 12.08.2011.

- 7) **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 forms part of this Corporate Governance Report is appended at the end of this report. Information and details in all respects are posted on the Company's website-www.zimlab.in

X) **General Shareholder information :**

- **Annual General Meeting, date, time and venue :**

Date : 30.09.2011 at 11.00 a.m. to be held in the registered office at

"Manisha Plaza", Sonapur Lane,
Opp. L.B.S Marg, Kurla (W),
Mumbai 400 070.
Ph.: 022 - 25035173
Fax: 022 - 25034067

Zim Laboratories Limited

- Financial Year : 1st April, 2010 to 31st March, 2011
- Date of Book Closure : NIL
- Dividend Payment date : Not applicable
- Listing on Stock Exchange : OTC Exchange of India, Mumbai
- Stock Code : ZIMLAB E1
- Market Price Data : The Company's shares have not been traded for the last several years hence, not applicable.

- Registrar and Share Transfer Agent : Link Intime India Pvt. Limited,
C-13, Pannalal Silk Mills
Compound, L.B.S. Marg,
Bhandup (W), Mumbai - 400078
Ph. (022) 2596 3838

- Distribution of Shareholding pattern as on 31.03.2011

| Shareholding | Nominal Value | Shareholding Number | % | Share Amount | % |
|--------------|---------------|---------------------|----------|--------------|----------|
| 1 | 500 | 4180 | 93.2203 | 5669000 | 9.4483 |
| 501 | 1000 | 154 | 3.4367 | 1225000 | 2.0417 |
| 1001 | 2000 | 60 | 1.3381 | 917000 | 1.5283 |
| 2001 | 3000 | 27 | 0.6021 | 699100 | 1.1652 |
| 3001 | 4000 | 5 | 0.1115 | 166900 | 0.2782 |
| 4001 | 5000 | 27 | 0.6025 | 1302100 | 2.1702 |
| 5001 | 10000 | 14 | 0.3122 | 863000 | 1.4383 |
| 100001 | | 14 | 0.3124 | 49157900 | 81.9298 |
| | Total | 4481 | 100.0000 | 60000000 | 100.0000 |

- Shareholding pattern as on 31.03.2011

| Category | No. of Shares | Total Value (Rs.) | Percent (%) |
|--------------------------------|------------------|-------------------|---------------|
| Promoter & Promoter Group | 12,31,370 | 12313700 | 20.52 |
| Corporate Bodies (Promoter CO) | 32,60,590 | 32605900 | 54.34 |
| Other Bodies Corporate | 1,07,100 | 1071000 | 1.78 |
| Non Resident Indians | 2,30,000 | 2300000 | 3.84 |
| Public | 11,70,940 | 11709400 | 19.52 |
| TOTAL | 60,00,000 | 60000000 | 100.00 |

- Dematerialisation of Shares :

| | No. of shares | Percentage |
|------------------|----------------|---------------|
| In NSDL | 1466700 | 24.45 |
| In CDSL | 19900 | 0.33 |
| In Physical form | 4513400 | 75.22 |
| Total | 6000000 | 100.00 |

- Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity : N I L
- Plant locations :
B-21/22, MIDC Area, KALMESHWAR-441 501 Dist. Nagpur (MS)
PH.: 091-07118-271370
FAX : 091-07118-271470 / 271780
Email : administration.zimlab@gmail.com
- Address for correspondence :
Corporate Office :
B-21/22, MIDC Area, KALMESHWAR-441 501 Dist. Nagpur (MS)
PH.: 091-07118-271370
FAX : 091-07118-271470 / 271780
Email : zimltd@dataone.in , md@zimlab.in
- For Share Transfer matters :
Link Intime India Pvt. Limited,
C-13,Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (W),
MUMBAI - 400 078
Ph. (022) 2596 3838
- 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 : zimltd@dataone.in
md@zimlab.in

For and on behalf of the Board

(Zakir S. Vali)
Chairman

Nagpur
Dated : 12th August, 2011

Anwar Siraj Daud

Daud Compound
Pilla Bungalow
Main Road, Shantinagar,
NAGPUR – 440 002

**DECLARATION BY THE MANAGING DIRECTOR
UNDER CLAUSE 49I(D)(II) OF THE LISTING AGREEMENT**

I, Anwar S. Daud, Managing Director of Zim Laboratories Limited, declare that all the Members of the Board of Directors and Senior Management personnel have, for the year ended 31st March, 2011, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Agreement entered with the Stock Exchange.

(Anwar S. Daud)
Managing Director

Nagpur
Date : 12.08.2011

Auditor's Certificate

AUDITOR'S CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE.

To

The Member of
Zim Laboratories Limited

We have examined the compliance of conditions of Corporate Governance by Zim Laboratories Limited, for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with OTC Exchange of India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Paliwal Modani & Co.**
Chartered accountants,

{N.M.Suham (Paliwal)}
Partner
Membership No. : 015669

Place : Nagpur
Dated : 12.08.2011

MANAGEMENT DISCUSSION AND ANALYSIS

Present Outlook :

ZIM Lab. is doing well in the pharmaceutical field in order to take advantage of the tremendous market potential particularly in South African countries. The research efforts are being made by ZIM Lab. in the field of advanced formulation technology and Innovative Drug Delivery System. The company has already obtained certain patents in this respect.

In the pharmaceutical industry, the research & developing new techniques and products involved highly intensive research and advanced knowledge about new products and processes in which ZIM Lab. is in a commanding position because of active collaboration between the company and Research Scholar of Universities.

There is a huge demand for palliatives and therapeutic formulations in backward countries but they are not having the knowledge or infrastructure to develop the required formulations to develop the innovative drug delivery system and ZIM Lab. has filled the vacuum in deliverable system and in large quantities. Government of India is outlying huge sums on research and public health care schemes and ZIM Lab. is in a position to take advantage of the grants and subsidies being offered by the Government of India and thus, serving as a bridge between the needy patients and available knowledge base in the industry for the benefit of the common man and thus, serving as a very effective link in Government efforts in the field of Public Health Care and making the formulations available to the masses at affordable price.

Projection:

The company proposes for expansion of existing formulation facility in B-21/22 at a cost of Rs. 11.60 Crores and Administrative building, warehouse, F & D, R & D Utility manufacturing facilities at B-21/22 at a cost of Rs. 11.65 Crores.

Funds required for above expansion proposals shall be met through infusion of equity and External Commercial Borrowing through Banking channel.

The company also proposes to set up a plant in SEZ MIHAN, Nagpur for manufacturing of PFI with a small pilot capacity of tablets and capsules so as to ensure that the PFI so manufactured will be of the same specifications as per the customers' requirement in overseas market for manufacture of formulation on tablets and capsules.

Auditors' Report

To,
The Members of Zim Laboratories Limited

- 1 We have audited the attached balance sheet of Zim Laboratories Limited as at 31st March,2011,and also the profit and loss account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management .Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards accepted in India. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statement, An audit also includes assessing the accounting principles used and estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Manufacturing and Other companies (Auditor's Report)Order,2003 issued by the Central Government in terms of sub section (4A)of section 227 of companies Act,1956(the Act) ,and on the basis of such checks of the books & records of the Company as we considered appropriate and according to information and explanation given to us,we give in annexure 'A' a statement on the matters specified in paragraph 4 and 5 of the said Order.
- 4 Further to our comments in the Annexure referred to in paragraph 3 above ,we report that :-
 - i) We have obtained all information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit ;
 - ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far appears from our examination of those books.
 - iii) The balance sheet ,profit and loss account and cash flow statement dealt with by this report are in agreement with books of accounts ;
 - iv) In our opinion, the balance sheet ,profit and loss account and cash flow statement dealt with this report comply with the accounting standards referred to in sub section (3C) of section 211 of the companies Act,1956 ;
 - v) On the basis of written representation received from the directors, as on 31st March,2011, and taken on record by Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act,1956 ;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the companies Act,1956,in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet ,of the state of affairs of the Company as at 31st March,2011
 - b) in the case of the profit and loss account ,of the Profit for the year ended on that date ;and
 - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For Paliwal Modani & Co.
Firm Regd.No.107261W
Chartered accountants,

(N.M.Suham, Paliwal)
Partner.
Membership No. : 015669

Place : Nagpur
Dated : 12th August,2011

Annexure to Auditors' Report

(Referred to in Paragraph (3) of the Auditors' Report of even date to the members of the Zim Laboratories Limited on the financial statement for the year ended on 31st March, 2011)

- 1 (a) The company is maintaining the proper records showing full quantitative details and situations of fixed assets.
 - (b) The fixed assets are physically verified by the management according to a phased program designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to size of the Company and nature of its assets. Pursuant to the program, a portion of fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. Fixed Asset register is under preparation.
 - (c) In our opinion and according to information and explanation given to us, no major part of fixed assets has been disposed off by the Company during the year.
- 2 (a) The inventory (excluding stock with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion the procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.
 - (c) On the basis of our examination of inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on the physical verification of inventory as compared to book records which have properly dealt with in the books of accounts were not material.
- 3 In respect of loans secured and unsecured, granted or taken by the company :
 - i) (a) The company has granted unsecured loans, to companies covered in register maintained under Section 301 of the Act. The Maximum amount involved during the year in respect of single party, aggregated to Rs.481.91 lakh & the year end balance of loan and advances granted to such party aggregated to Rs.256.52 lakh.
 - (b) in our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
 - (c) There is no stipulation as to the repayment of the principle amount and interest thereon, Company is regular in receipt of interest.
 - (d) In respect of the aforesaid loans granted, there is no overdue amount more than Rupees One lakh.
 - ii) The company has not taken unsecured loans, from companies covered in register maintained under Section 301 of the Act.
- 4 (a) In our opinion and according to information and explanation given to us, having regard to the explanation that certain items purchased/sold are of special nature for which suitable alternative source do not exist for obtaining comparative quotations, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of books and records of the Company, and according to information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures.
- 5 (a) In our opinion and according to information and explanation given to us, the transactions that need to be entered into the register in pursuance of Section 301 of the Act have been so entered.
 - (b) In our opinion and according to information and explanation given to us, having regard to the fact that the item purchased/sold/services rendered/received are of a special nature and suitable alternate sources do not exist for obtaining comparative quotations, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Act and exceeding the value of Rupees Five Lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time or the prices at which the transactions for similar goods have been made with other parties.
- 6 In our opinion and according to information and explanation given to us, the company has not complied the provisions of section 58 A & 58AA of the companies Act, 1956 and rules framed there under with regard to the deposits accepted from the public. However all deposits were repaid during the year.
- 7 The Company does not have formal Internal audit system during the year under review. However we are of the opinion that internal control procedure and internal check are to be strengthened considering the nature of business and size of the company.

Zim Laboratories Limited

- 8 We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under section 209 (1) (d) of the Act and are of opinion that prima facie, the prescribed accounts and records have been maintained in respect of bulk drugs and formulations. We have not, however, made a detailed examination of the record with a view to determine whether they are accurate or complete.
- 9 (a) According to information and explanation given to us and the records of the company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including excise duty, custom duty, cess and other material statutory dues with appropriate authorities except income tax.
- (b) According to information and explanation given to us and the records of the company examined by us, undisputed amounts of Rs. 49.84 Lacs payable in respect of income tax were outstanding as at 31st March,2011 for a period of more than six months from the date of becoming payable.
- (c) According to information and explanation given to us, disputed amounts outstanding as at 31st March,2011 in respect of sales tax, Income tax, wealth tax, service tax, customs duty, excise duty and cess is as under :

| Nature of Liability | Nature of Dispute | Disputed Amt | Period | Forum Where Dispute Pending |
|---------------------|--------------------------|----------------|-----------|--|
| Sales Tax (BST) | Tax & Interest | Rs.29,85,985/- | F.Y.04-05 | Jt. Commissioner |
| Sales Tax (CST) | Tax & Interest | Rs. 8,84,963/- | F.Y.04-05 | of Sales Tax |
| Sales Tax (BST) | Interest on Assessed Tax | Rs. 2,26,924/- | F.Y.91-92 | Appeal, |
| Sales Tax (BST) | Interest on Assessed Tax | Rs. 6,20,820/- | F.Y.92-93 | Nagpur |
| Sales Tax (CST) | Interest on Assessed Tax | Rs. 30,833/- | F.Y.92-93 | Division |
| ervice Tax | Availment of S.T. Credit | Rs. 1,11,321/- | F.Y.08-09 | Comm.(Appeal) Custum & Excise duty, Nagpur |

- 10 The Company has no accumulated loss as at 31st March,2011 and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
- 11 According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
- 12 The Company has not granted any loans and advances on the basis of security by way of pledge of share, debentures and other security.
- 13 The provisions of any special statute applicable to chit fund /nidhi /mutual benefit fund/societies are not applicable to the Company.
- 14 In our opinion, the Company is not a dealer or trader in shares, securities ,debentures and other investments.
- 15 In our opinion and according to information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- 16 On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to information and explanation given to us, term loan have been applied for the purpose for which the loans were obtained.
- 17 On the basis of an overall examination of the balance sheet and cash flow statement of the company, no fund raised on short term basis have been used for long term investment and vice versa.
- 18 The Company has not made preferential allotment of equity shares during the year.
- 19 The company has not issued any debentures during the year.
- 20 The company has not raised any money by public issue during the year.
- 21 In our opinion and according to information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

FOR PALIWAL MODANI & CO;
Firm Regd.No.107261W
Chartered Accountants,

{N.M.SUHAM, (PALIWAL)}
Partner
Membership No.:015669
Nagpur Dated the 12th Aug.2011

BALANCE SHEET AS AT 31ST MARCH, 2011

| | Schedule | 31-Mar-11 Rs. | 31-Mar-10 Rs. |
|--|--------------|---------------------------|---------------------------|
| SOURCES OF FUNDS : | | | |
| Shareholders' FUND:- | | | |
| Share Capital | " A " | 60,000,000 | 60,000,000 |
| Reserves & Surplus | " B " | <u>268,600,423</u> | <u>180,762,413</u> |
| | | <u>328,600,423</u> | <u>240,762,413</u> |
| Loan Funds:- | | | |
| Secured Loans | " C " | 457,679,801 | 325,402,663 |
| Unsecured Loans | " D " | <u>54,419,990</u> | <u>5,136,656</u> |
| | | <u>512,099,791</u> | <u>330,539,319</u> |
| Deferred Tax Liability :- | | <u>26,097,632</u> | <u>18,665,725</u> |
| | Total | <u>866,797,846</u> | <u>589,967,457</u> |
| APPLICATION OF FUNDS : | | | |
| Fixed Assets:- | | | |
| Gross Block | " E " | 398,289,544 | 284,995,427 |
| Less: : Depreciation | | 68,543,403 | 51,283,700 |
| Net Block | | <u>329,746,141</u> | <u>233,711,727</u> |
| Work in Progress | | <u>21,097,728</u> | <u>13,729,968</u> |
| | | <u>350,843,868</u> | <u>247,441,695</u> |
| Investment :- | " F " | 10,512,266 | 510,200 |
| Current assets, loans & Advances :- | | | |
| Inventories | " G " | 165,274,878 | 114,894,699 |
| Sundry Debtors | | 451,034,997 | 416,729,575 |
| Cash & Bank Balances | | 61,105,390 | 21,728,685 |
| Loans & Advances | | <u>170,127,522</u> | <u>88,825,178</u> |
| | | <u>847,542,787</u> | <u>642,178,137</u> |
| Less : Current Liabilities & Provisions :- | " H " | 342,101,076 | 300,162,575 |
| Net Current Assets:- | | <u>505,441,712</u> | <u>342,015,562</u> |
| | Total | <u>866,797,846</u> | <u>589,967,457</u> |
| Significant Accounting Policies & Notes on Accounts | | | |
| Schedule "A" to "H" & "S" referred to above form an integral part of the Balance sheet | | | |

As per our report of even date
For Paliwal Modani & Co.
 Firm Regd. No.107261W
 Chartered Accountants

N.M.SUHAM (PALIWAL)
 PARTNER
 Membership No.015669

Place : Nagpur
 Date : 12th Aug.2011

For and on behalf of Board of Director

Anwar S. Duad
 (Managing Director)

Riaz A.Kamal
 (Director)

R.A.PARSURAMAN
 (Company Secretary)

Zim Laboratories Limited

Profit & Loss Account for the year ending 31st March 2011

| | Schedule ² | 31-Mar-11 Rs. | 31-Mar-10 Rs. |
|--|-----------------------|----------------------|--------------------|
| INCOME :- | | | |
| Sales | " I " | 1,437,370,753 | 1,000,511,596 |
| Less: Excise duty | | 28,696,884 | 19,195,133 |
| Net Sales | | 1,408,673,869 | 981,316,463 |
| Other Income | " J " | 22,328,710 | 21,235,019 |
| Increase / (Decrease) in stock | " K " | 32,280,304 | (7,031,433) |
| Total | | 1,463,282,883 | 995,520,049 |
| EXPENSES :- | | | |
| Raw Material Consumed | " L " | 882,599,564 | 514,382,904 |
| Purchase of trading Goods | | 15,057,449 | 81,100,841 |
| Payment to Employees | " M " | 86,475,015 | 63,884,075 |
| Manufacturing Expenses | " N " | 62,993,933 | 45,298,055 |
| Administrative Expenses | " O " | 26,150,136 | 31,088,636 |
| Selling & Distribution Expenses | " P " | 166,567,987 | 106,275,528 |
| Interest & Finance Expenses | " Q " | 67,558,816 | 39,343,313 |
| Taxes & Duties | " R " | 886,739 | 595,383 |
| Depreciation | | 17,690,667 | 10,130,539 |
| Total | | 1,325,980,307 | 892,099,274 |
| Profit before tax | | 137,302,576 | 103,420,775 |
| Less : Provision for taxation : | | | |
| Current tax | | 35,487,230 | 33,000,000 |
| Deferred Tax | | 7,431,907 | 5,456,207 |
| Less: Income tax earlier year | | (451,096) | 98,103 |
| Profit after tax | | 94,834,535 | 64,866,465 |
| Add: Balance brought forward from previous year | | 175,258,413 | 110,391,948 |
| Profit Available for Appropriation | | 270,092,948 | 175,258,413 |
| Appropriations :- | | | |
| Proposed Dividend | | 6,000,000 | - |
| Corporate Dividend Tax | | 996,525 | - |
| Balance carried over to balance sheet. | | 263,096,423 | 175,258,413 |
| | | 270,092,948 | 175,258,413 |
| Basic earning per share of face value of Rs.10/-each (Refer note "18 " to schedule "S") | | 15.81 | 10.81 |
| Significant Accounting policies and notes to the account | " S " | | |

Schedule "I" to "S" referred to above form an integral part of the Profit & Loss Account.

As per our report of even date
For Paliwal Modani & Co.
 Firm Regd. No.107261W
 Chartered Accountants

N.M.SUHAM (PALIWAL)
 PARTNER
 Membership No.015669
 Place : Nagpur
 Date :12th Aug.2011

For and on behalf of Board of Director

Anwar S. Duad
 (Managing Director)

Riaz A.Kamal
 (Director)

R.A.PARSURAMAN
 (Company Secretary)

Schedule "A" to "H" & "S" annexed to & forming Part of Balance Sheet as at 31st March, 2011

| | As at 31-Mar-11 Rs. | As at 31-Mar-10 Rs. |
|---|---------------------------|---------------------------|
| Schedule " A " Share Capital :- | | |
| Authorised Capital :- | | |
| 110,00,000 Equity Shares of Rs.10/- each | <u>110,000,000</u> | <u>110,000,000</u> |
| Issued, Subscribed and Paid Up :- | | |
| 60,00,000 Equity Shares (previous year 60,00,000) of 10/- each fully called up and paid up. | <u>60,000,000</u> | <u>60,000,000</u> |
| Total | <u>60,000,000</u> | <u>60,000,000</u> |
| Schedule " B " Reserves And Surplus :- | | |
| Capital Reserve :- | | |
| Subsidy From State Government As per last Balance Sheet | 4,000,000 | 4,000,000 |
| General Reserve :- As per last Balance Sheet | 1,504,000 | 1,504,000 |
| Profit & Loss Account :- As per annexed Profit & Loss Account | 263,096,423 | 175,258,413 |
| Total | <u>268,600,423</u> | <u>180,762,413</u> |
| Schedule " C " Secured Loan :- | | |
| Term Loan :- | | |
| From State Bank Of India | 93,375,967 | - |
| From The S.V.C.Bank Ltd. | 22,575,547 | 38,470,969 |
| From Axis Bank Ltd. | - | 41,942,850 |
| (First charge on all fixed asset including land & building Plant & Machinery , Second charge on all current assets on pari pasu basis with SBI & SVC Bank under consortium arrangement & personal guarantee of Managing Director) | | |
| Vehicle Loan :- | | |
| From ICICI Bank : (Against Hypothecation of Car) | 177,589 | 331,939 |
| From Cholamandalam DBS Finance Ltd. : (Against Hypothecation of Truck) | 53,869 | 256,589 |
| From HDFC Bank : (Against Hypothecation of Car) | 676,068 | 1,181,442 |
| Total | <u>116,859,040</u> | <u>82,183,789</u> |
| Working Capital Loan :- | | |
| Cash Credit Account : | | |
| From State Bank Of India | 118,638,038 | - |
| From The SVC Co.Op.Bank Ltd | 191,021,483 | 134,169,700 |
| From The Axis Bank Ltd | - | 104,575 |
| Foreign Currency Demand Loan : | | |
| From The Axis Bank Ltd | - | 100,032,171 |
| Packing Credit Limit :- | | |
| From State Bank Of India : | 17,158,978 | - |
| (First charge on all current asset including i.e.Stock,Receivables on pari pasu basis,Second Charge on all Fixed assets i.e.Land and Building,Plant & Machiney with SBI & SVC bank under consortium arrangement & per- sonal guarantee of Managing Director) | | |
| Total | <u>326,818,499</u> | <u>234,306,446</u> |
| From National Small Ind.Corp.Ltd :- (Secured by bank guarantee) | 14,002,262 | 8,912,428 |
| Total | <u>457,679,801</u> | <u>325,402,663</u> |
| Schedule " D " Unsecured Loan :- | | |
| Sales tax deferment | 5,136,656 | 5,136,656 |
| From Company | 49,283,334 | - |
| Total | <u>54,419,990</u> | <u>5,136,656</u> |

Zim Laboratories Limited

Schedule "E" Fixed Assets :-

(Amount in Rs.)

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--------------------------------------|----------------------|---------------------------|-------------------|-----------------------|-------------------|-------------------|----------------|-----------------------|------------------------|------------------------|
| | Cost as at 01-Apr-10 | Additions during the year | Transfer | Total as at 31-Mar-11 | Upto 01-Apr-10 | During the year | Transfer | Total as at 31-Mar-11 | W.D.V. as at 31-Mar-11 | W.D.V. as at 31-Mar-10 |
| Leasehold Land | 17,310,495 | - | - | 17,310,495 | - | - | - | - | 17,310,495 | 17,310,495 |
| Free Hold Land | 2,763,200 | - | - | 2,763,200 | - | - | - | - | 2,763,200 | 2,763,200 |
| Site Development | 7,672,896 | 2,258,748 | - | 9,931,644 | 349,149 | 129,475 | - | 478,624 | 9,453,020 | 7,323,747 |
| Building (Factory) | 78,064,518 | 37,711,798 | - | 115,776,316 | 9,844,948 | 2,677,850 | - | 12,522,798 | 103,253,517 | 68,219,569 |
| Building (Office) | 2,000,785 | - | - | 2,000,785 | 615,458 | 32,613 | - | 648,071 | 1,352,714 | 1,385,327 |
| Plant & Machinery | 134,167,567 | 62,827,958 | 326,755 | 196,668,770 | 23,241,107 | 12,061,775 | 44,379 | 35,258,503 | 161,410,266 | 110,926,459 |
| Electric Installation | 1,967,800 | 4,451,207 | - | 6,419,007 | 463,861 | 154,644 | - | 618,505 | 5,800,502 | 1,503,939 |
| Furniture & Fixtures | 19,011,614 | 4,362,830 | - | 23,374,445 | 2,384,276 | 1,338,637 | - | 3,722,913 | 19,651,532 | 16,627,339 |
| Office Equipments | 1,072,490 | 40,490 | - | 1,112,980 | 278,995 | 52,656 | - | 331,651 | 781,329 | 793,495 |
| Computer | 4,890,122 | 841,114 | - | 5,731,236 | 3,355,116 | 463,688 | - | 3,818,804 | 1,912,433 | 1,535,007 |
| Vehicles | 8,350,716 | 1,594,110 | 467,384 | 9,477,442 | 3,027,565 | 779,329 | 386,585 | 3,420,309 | 6,057,132 | 5,323,151 |
| Printing Rollers | 223,225 | - | - | 223,225 | 223,225 | - | - | 223,225 | - | - |
| Trade Marks | 7,500,000 | - | - | 7,500,000 | 7,500,000 | - | - | 7,500,000 | - | - |
| Total (I) | 284,995,427 | 114,088,255 | 794,139 | 398,289,544 | 51,283,700 | 17,690,667 | 430,964 | 68,543,403 | 329,746,141 | 233,711,728 |
| Factory Building | 10,225,344 | 46,315,932 | 37,748,704 | 18,792,571 | - | - | - | - | 18,792,571 | 10,225,344 |
| Work In Progress | - | - | - | - | - | - | - | - | - | - |
| Plant & Machinery Under Installation | 1,883,372 | 1,141,392 | 3,024,764 | - | - | - | - | - | - | 1,883,372 |
| ERP Under Installation | 1,621,252 | 683,905 | - | 2,305,157 | - | - | - | - | 2,305,157 | 1,621,252 |
| Total (II) | 13,729,968 | 48,141,228 | 40,773,468 | 21,097,728 | - | - | - | - | 21,097,728 | 13,729,968 |
| Grand Total (Rs.) | 298,725,395 | 162,229,484 | 41,567,607 | 419,387,272 | 51,283,700 | 17,690,667 | 430,964 | 68,543,403 | 350,843,868 | 247,441,696 |
| Previous Year's Figure | 211,224,394 | 88,043,581 | 542,579 | 298,725,396 | 41,565,323 | 10,130,539 | 412,162 | 51,283,700 | 247,441,696 | 169,699,071 |

As at
31-Mar-11
Rs.

As at
31-Mar-10
Rs.

Schedule "F" Investments :-

(Unquoted) At Cost

In 6 Years, National Saving Certificates

20,000 Shares of The S.V.C.Op.Bank Ltd.

SBI Mutual Fund.

(597127.55 Units of SBI Magnum Insta Cash Fund)

10,200
500,000
10,002,066

10,200
500,000
-

Total **10,512,266**

510,200

Schedule "G" Current Assets, Loan & Advances :-

(A)

Current Assets :

Inventories :

(As taken, valued and certified by Management)

Raw Material

63,781,492

59,232,251

Packing Material

32,774,061

20,746,708

Stock in Process

49,283,237

25,166,267

Finished Goods

15,357,234

7,193,900

Stores & Spares

4,078,854

2,555,573

165,274,878

114,894,699

Sundry Debtors :-

(Unsecured, considered good)

Exceeding Six Months

Considered Good

21,585,824

47,337,371

Cash and Bank Balances :-

Cash in hand

381,196

543,341

Balance with Scheduled Banks :-

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| | As at 31-Mar-11 Rs. | As at 31-Mar-10 Rs. |
|--------------------------|---------------------------|---------------------------|
| On Current Accounts | 5,379,966 | 5,098,457 |
| In Fixed Deposit Account | 55,344,228 | 16,086,887 |

(Fixed Deposits are under lien for bank guarantee and letter of credits, Overdraft Etc. taken from bank and amount kept as security deposit with Non Banking Financial Institution against loan taken)

| | | |
|------------------|--------------------|--------------------|
| | 61,105,390 | 21,728,685 |
| Total (A) | 677,415,266 | 553,352,959 |

| | | |
|---|--------------------|--------------------|
| (B) Loans and Advances :- (Unsecured, considered good) Advances recoverable in cash or in kind or for value to be received or pending adjustments. | | |
| Receivables from Govt. Authorities | 58,444,560 | 33,941,311 |
| Security Deposit with Govt. & Others | 95,752,554 | 50,405,171 |
| Pre Paid Expenses | 14,357,591 | 3,039,521 |
| | 1,572,817 | 1,439,175 |
| Total [B] | 170,127,522 | 88,825,178 |
| Total [A]+[B] | 847,542,787 | 642,178,137 |

Schedule "H" Current Liabilities & Provisions :-

| | | |
|---|--------------------|--------------------|
| (A) Current Liabilities :- Sundry Creditors :- For Goods Supplied | | |
| For Expenses and others | 229,317,489 | 236,347,395 |
| For Capital goods | 65,267,135 | 29,222,196 |
| Advance from Customers | 8,143,276 | 5,200,083 |
| | 3,047,708 | 1,732,482 |
| Total(A) | 305,775,608 | 272,502,156 |
| (B) Provisions :- For proposed Dividend | | |
| For Income tax | 6,000,000 | - |
| For Corporate Dividend Distribution Tax | 29,328,943 | 27,660,419 |
| | 996,525 | - |
| Total(B) | 36,325,468 | 27,660,419 |
| Total [A]+[B] | 342,101,076 | 300,162,575 |

Zim Laboratories Limited

Schedule " I " to "S" annexed to & Forming Part of Profit & Loss Account For the year ended on 31st March,2011

| | As at 31-Mar-11 Rs. | As at 31-Mar-10 Rs. |
|---|-----------------------------|-----------------------------|
| Schedule " I " Sales :- | | |
| Finished Goods : | 1,420,158,816 | 915,845,544 |
| Trading Goods : | <u>17,211,937</u> | <u>84,666,052</u> |
| Total | <u><u>1,437,370,753</u></u> | <u><u>1,000,511,596</u></u> |
| Schedule " J " Other Income:- | | |
| Job Work Charges | 300,467 | 200,156 |
| Interest on Fixed deposit | 1,983,408 | 925,695 |
| Interest received from others | 3,543,581 | 2,727,190 |
| Profit on Sale of Asset | - | 206,181 |
| Dividend Received | 62,389 | 75,025 |
| Miscellaneous Receipts | 2,131,657 | 3,487,753 |
| Entitlement under D.E.P.B.Licence | 12,942,680 | 11,756,204 |
| Prior Period adjustments (Net) | <u>1,364,529</u> | <u>1,856,815</u> |
| Total | <u><u>22,328,710</u></u> | <u><u>21,235,019</u></u> |
| Schedule " K" Increase /(Decrease) In Stock :- | | |
| Closing Stock :- | | |
| Finished Goods | 15,357,234 | 7,193,900 |
| Stock In Process | <u>49,283,237</u> | <u>25,166,267</u> |
| Total | <u><u>64,640,471</u></u> | <u><u>32,360,167</u></u> |
| Less : Opening Stock :- | | |
| Finished Goods | 7,193,900 | 10,558,153 |
| Stock In Process | 25,166,267 | 27,774,442 |
| Trading Goods | - | 1,059,005 |
| Total | <u><u>32,360,168</u></u> | <u><u>39,391,600</u></u> |
| Increase/(Decrease)in stock Total | <u><u>32,280,304</u></u> | <u><u>(7,031,433)</u></u> |
| Schedule " L "Raw Material Consumed :- | | |
| Opening Stock | 79,978,959 | 50,531,341 |
| Add: Purchases & Expenses | <u>901,161,415</u> | <u>557,210,354</u> |
| Total | <u><u>981,140,373</u></u> | <u><u>607,741,695</u></u> |
| Less : Sold | 1,985,256 | 13,379,832 |
| Closing Stock | <u>96,555,553</u> | <u>79,978,959</u> |
| Total | <u><u>98,540,809</u></u> | <u><u>93,358,791</u></u> |
| Raw Material Consumed | <u><u>882,599,564</u></u> | <u><u>514,382,904</u></u> |
| Schedule " M " Payment to Employees :- | | |
| Salary & Wages | 72,505,963 | 52,937,466 |
| Bonus and Ex-gratia | 2,839,728 | 1,103,783 |
| Staff and Labour Welfare | 3,236,988.6 | 2,813,868 |
| Providend Fund | 1,507,398 | 1,256,456 |
| Gratuity Paid | 824,726 | 700,000 |
| Maharastra Labour Welfare Fund | 10,212 | 10,002 |
| Remuneration to Director | <u>5,550,000</u> | <u>5,062,500</u> |
| Total | <u><u>86,475,015</u></u> | <u><u>63,884,075</u></u> |
| Schedule " N " Manufacturing Expenses :- | | |
| Stores and Spares Consumed | 9,022,805 | 4,576,325 |
| Power & Fuel | 25,192,423 | 16,299,415 |
| Water Charges | 717,166 | 583,943 |
| Factory Expenses | 5,941,430 | 3,464,669 |
| Insurance | 361,480 | 235,688 |
| Repairs and Maintanance to:- | | |
| Building | 5,752,646 | 7,677,948 |
| Plant & Machinery | 9,553,254 | 6,290,783 |
| Others | 2,348,297 | 1,610,162 |
| Laboratory expenses | <u>4,104,432</u> | <u>4,559,122</u> |
| Total | <u><u>62,993,933</u></u> | <u><u>45,298,055</u></u> |

Schedule " O " Administrative Expenses :-

| | | |
|--------------------------------------|-------------------|-------------------|
| Printing and Stationery | 1,157,907 | 939,910 |
| Postage and Telegram | 1,308,078 | 1,077,633 |
| Telephone Expenses | 655,038 | 604,596 |
| Professional Charges | 8,038,404 | 8,409,513 |
| Legal Expenses | 2,661,245 | 1,771,269 |
| Payment to Auditors | 106,270 | 123,000 |
| Other Expenses | 9,045,615 | 3,539,642 |
| Membership and Subscription | 50,365 | 48,815 |
| Vehicle Expenses | 1,878,398 | 1,350,053 |
| Loss on Sales of Assets | 142,731 | - |
| Loss on Foreign Exchange Fluctuation | 1,106,085 | 13,224,205 |
| Total | 26,150,136 | 31,088,636 |

Schedule " P " Selling & Distribution Expenses :-

| | | |
|---------------------------|--------------------|--------------------|
| Advertisement | 575,266 | 173,866 |
| Travelling Expenses | 6,535,456 | 7,082,955 |
| Commission on Agency Sale | 118,125,648 | 66,651,984 |
| Carriage Outwards | 35,116,335 | 22,843,109 |
| Bad Debts W/off | 2,860,664 | 2,621,792 |
| Sales Promotion Expenses | 2,681,172 | 6,250,419 |
| Transit Insurance | 673,446 | 651,403 |
| Total | 166,567,987 | 106,275,528 |

Schedule " Q " Interest & Finance Expenses :-

| | | |
|-----------------|-------------------|-------------------|
| Interest to : | | |
| Bank | 47,684,702 | 31,841,568 |
| Others | 5,704,909 | 270,000 |
| N.S.I.C. | 1,263,232 | 1,080,463 |
| Bank Commission | 11,120,223 | 5,843,782 |
| Finance Charges | 1,785,750 | 307,500 |
| Total | 67,558,816 | 39,343,313 |

Schedule" R " Taxes & Duties :-

| | | |
|------------------|----------------|----------------|
| Sales tax paid | 126,424 | 528,052 |
| Professional Tax | 52,281 | 33,917 |
| Rates & Taxes | 23,266 | 8,200 |
| Service tax paid | 684,768 | 25,214 |
| Total | 886,739 | 595,383 |

Zim Laboratories Limited

- A) **Significant Accounting Policies :-**
The financial statements are prepared to comply in all material aspect with the applicable accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of The Companies Act,1956 of India. The Significant accounting policies are as follows : -
- 1 **Basis of Accounting :-**
The Financial Statements are prepared in accordance with the historical cost convention.
 - 2 **Revenue Recognition :-**
 - a) Revenue from sales of goods is recognized upon removal of goods from factory premises. Revenue from product sales is stated inclusive of excise duty and exclusive of sales tax and applicable trade discount and allowances and returns. Revenue from service is recognized as per the terms of contract with customers when services are performed.
 - b) Export Entitlements under Duty Entitlement Pass Book (DEPB) scheme & Rebat receivable on excise duty paid are recognized in the profit & loss account on mercantile basis .
 - c) Dividend income is recognised on cash basis.
 - 3 **Fixed Assets :-**
Fixed Assets are stated at cost less accumulated depreciation. The cost of fixed assets includes non refundable taxes ,duties & freight and other incidental expenses related to acquisition and installation of respective assets .Borrowing costs directly attributable to acquisition of fixed asset which necessarily take a substantial period of time to get ready for their intended use are capitalized. Cost of fixed asset not ready for their intended use before such date are disclosed under capital work in progress .
 - 4 **Depreciation :-**
Depreciation on fixed assets is provided using straight line method at the end in the manner specified in schedule XIV to the Comapnies Act (Amendment Act,1988). Additions are depreciated on pro- rata basis from the date of installation till the date the assets are sold or disposed. Individual assets costing less than Rs.5000 are depreciated in full in the year of acquisition.
 - 5 **Impairment of Assets :-**
Impairment is ascertained at each balance sheet date in respect of the Company's fixed assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.The recoverable amount is greater of net selling price and value in use.
 - 6 **Investment :-**
Current investment are stated at cost or net realizable value whichever is lower Long term investment are stated at cost less provision, if any for diminution in value.
 - 7 **Foreign Exchange Transaction:-**
Foreign exchange transaction are recorded using the exchange rates prevailing on the dates of respective transaction. Exchange difference arising on foreign exchange transaction settled during the year are recognized in the profit & loss account and Foreign Exchange difference on capital Asset is adjusted in cost of Capital Asset.
 - 8 **Inventories :-**
Basis of Valuation :-
Raw Material, Stock In Process, Stores & Chemicals, Finished goods, Trading Goods etc. are value at cost or net realizable value whichever is lower, stock in process valued at cost.
 - 9 **Research & Development :-**
Revenue expenditure on the research and development debited to profit & loss account. Capital Expenditure incurred on research and development is capitalized as fixed assets and depreciated in accordance with the provision of the Companies Act,1956.
 - 10 **Capital Subsidy :-**
Capital subsidy received under the central /state capital subsidy scheme is credited to capital reserve and treated as the part of shareholders fund.
 - 11 **Income Tax Expenses :-**
Current Tax : The current charge for income taxes tax is calculated in accordance with the relevant tax regulations applicable to the Company. Provision for Income tax is made as per provisions of the Income Tax Act,1961

Deferred Tax : Deferred tax asset and liabilities are restated at the substantively enacted Income tax rates at the close of each year. Deferred tax assets are created only to the extent they are expected to materialize.

12 Earning Per Share :-

The basic earning per share ("EPS") is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year.

13 Borrowing Cost :

Borrowing costs directly attributable to acquisition or construction of qualifying asset are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily take substantial period of time to get ready for intended use. All other borrowing cost are charged to revenue account.

14 Retirement Benefits :

The Company has taken Group Gratuity Policy with Life Insurance Corporation of India (LIC) for future payment of gratuity. The gratuity liability is determined based on an actuarial valuation performed by LIC for the calander year.

Leave Encashment is accounted for at the time of encashment .

Employers Contribution to Providend Fund is Charged to Profit & Loss Account. The Company is paying Contribution to Employees Providend Fund Organisation.

15 Dividend :-

Dividend proposed by the Board of director is provided for in books of account .Dividend is subject to the approval of shareholders at the annual general meeting of the Company.

16 Contingent Liabilities:-

The Company recognizes a provision when there is a present obligation as a result of past event that probably requires as an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or present obligation that the likelihood of outflow of resource is remote,no provision or disclosure is made.

B) Notes on Accounts :-

Figure in lacs

| Particulars | As at 31st March, 2011 | As at 31st March, 2010 |
|--|---------------------------|---------------------------|
| 1. Contingent Liabilities :- | | |
| a) Bank Guarantees & Letter of Credits issued by Bank (Net of Margine) | 208.60 | 251.91 |
| b) Claims against company not acknowledge as debt in respect of :- | | |
| i) Sales tax matter, Pending Decision on appel made by the Company & other matters | 47.50 | 8.79 |
| ii) Income Tax Matter (TDS) | 0.17 | - |
| iii) Service Tax Matter, Pending Decision on appel made by the company & Other matter | 1.11 | - |
| iv) Estimated amount of Contract remaing to be executed on capital account and not provided for :- (Net of Advances) | 246.39 | 61.31 |

2) In the opinion of the Board of directors, the current assets, Loans and Advances have a value of realization in the ordinary course of business at least equal to the amount stated in the Balance Sheet otherwise stated.

3) Profit on sale of Raw & Packing material is remained adjusted in the respective account.

4) The company makes the contribution towards gratuity with Life Insurance corporation of India towards gratuity payable and actual gratuity paid during the year is charged to the profit and loss account on payment basis.

5) Sundry Debtors includes Rs.46.22 lacs (previous year Rs.12.00 lacs) due by the firms/company in which one or more directors are interested as partner or otherwise.

6) Loans and advances includes Rs.305.35 lacs (previous year Rs.0.43 lacs) due by firms, companies in which one or more directors are interested as director/partner or otherwise.

| Details of Payments made to Directors : | Remuneration | |
|---|--------------|----------|
| | 31.03.11 | 31.03.10 |
| Managing Director | 36.00 | 24.00 |
| Other Directors | 19.50 | 26.63 |
| Total Rs. | 55.50 | 50.63 |

Zim Laboratories Limited

| | | | |
|----|-------------------------------------|----------|----------|
| 8) | Payments to Auditors : | 31.03.11 | 31.03.10 |
| | For Audit Fees | 0.70 | 0.70 |
| | For Tax Audit Fess | 0.20 | 0.20 |
| | For Consultation and other Services | 0.16 | 0.33 |
| | Total Rs. | 1.06 | 1.23 |

9) Adjustments in respect of claims, refunds, etc are made in profit & loss account as and when these are settled with party.

10) Micro and Medium scale business entities :-

Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2011. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Disclosure as per Micro Small & medium Enterprises Development Act, 2006 (The MSMED Act)

| | | |
|---|---------|---------|
| Principle Amount and Interest due thereon (Separately) payable to any supplier (under MSMED) at the end of each accounting year | 2010-11 | 2009-10 |
| Principle Amount | 47.52 | 6.34 |
| Interest due thereon | - | - |

11) Figures of previous years has been regrouped wherever considered necessary.

12) Components of deferred tax asset /liability is as under :-

Difference between book value of fixed assets as per book and as per income tax Act.

| FINANCIAL YEAR => | 2010-11 | | 2009-10 | |
|--|------------|-------------|------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Depreciation | | 26,141,890 | | 18,708,225 |
| Unpaid Liabilities | 44,258 | | 42,500 | |
| Total | 44,258 | 26,141,890 | 42,500 | 18,708,225 |
| Net Deferred Liability | 26,097,632 | | 18,665,725 | |
| Increment/(decremental) Effect of deferred tax Liability | 7,431,907 | | | |

13) Provision for doubtful debt amounting to Rs.52.95 lacs (previous year 28.17 lacs) has not been made in books of accounts.

14) Sundry credit balances include Rs.0.12 Lacs (Previous year.Rs 0.66 lacs) due to directors & their relatives.

15) The balances of creditors ,Debtors and Loan & Advances are subject to confirmation and reconciliation if any.

16) Other Expenses includes compensation of Rs.69.97 lacs paid towards out of court settlement against dispute of forfeiture of shares etc.

17) a) Reasearch & Development revenue expenses debited to profit & loss account and eligible for deduction u/s 35 (2AB) of the Income Tax Act 1961, is as under :- Fig.in Lacs

| Particular | Amount |
|--|--------------|
| Payment to Employees :- | |
| Salary, Wages ,Bonus & Ex-gratia and Contribution to Providend Fund. | 29.42 |
| Manufacturing Expenses:- | |
| Repair Maintenance to Machinery. | 5.98 |
| Repair Maintenance to Building. | 0.51 |
| Laboratories Expenses. | 20.80 |
| Administrative Expenses :- | |
| Professional Charges. | 8.48 |
| Other Miscelaneous Expenses. | 6.18 |
| Selling & Distribution Expenses :- | |
| Travelling Expenses. | 1.26 |
| Total (a) | 72.63 |

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- b) Capital Expenses incurred during the year in respect of research and development and included in respective Fixed Assets and eligible for deduction u/s 35 (2AB) of the Income Act,1961, is as under :-

| Particular | Amount |
|----------------------|---------------|
| Fixed Assets :- | |
| Plant & Machinery | 47.86 |
| Furniture & Fixture | 0.28 |
| Computers | 1.11 |
| Total (b) | 49.25 |
| Total (a)+(b) | 121.88 |

- 18) **Basic Earning per share :-**

The basic earning per share is computed by dividing the net profit in the profit & loss account attributable to equity shareholder by weighted average number of equity share outstanding during the reporting year.

| Particulars | Amount in Rs. | |
|---|-----------------------------|-----------------------------|
| | Year Ended on 31.03.2011 | Year Ended on 31.03.2010 |
| Nominal Value of equity Shares | 10.00 | 10.00 |
| Profit After Tax | 94,834,535 | 64,866,465 |
| Weighted Avrage number of Equity shares outstanding during the year | 6,000,000 | 6,000,000 |
| Basic Earning per Share | 15.81 | 10.81 |

- 19) **Details of Segment Reporting :-**

Business Segment :-

| Geographical Segment : | India | Other countries | Total |
|---|----------|-----------------|-----------|
| Revenue by geographical market :- | | | |
| External(including Raw material & Finished goods) | 7,516.74 | 6,876.82 | 14,393.56 |
| Inter-Segment | - | - | - |
| Total | 7,516.74 | 6,876.82 | 14,393.56 |
| Carring amount of segment asset | - | - | - |
| Addition to fixed Assets | 1,206.62 | - | 1,206.62 |

Notes:-

- a) **Business Segments :-**
As the company is dealing in manufacturing of pharmaceuticals only,segment wise details is not provided.
- b) **Geographical Segment :-**
For the porpose of geographical segments the consolidated sales are divided into two segments :
segments - India and other countries.
- c) The accounting policies of sectors are the same as those described in the summery of significant accounting policies as referred to in notes to the account.

- 20) **Related Party Disclosure :-**

| Name of related parties | Relation ship with Related parties |
|---------------------------------|--------------------------------------|
| Unijules Life Sciences Limited | Holding Company |
| Zim Health Technologies Limited | Associated Company |
| City Pharmacy | Associated Concern |
| Mr. Zakir S.Vali | Key Management Personnel |
| Mr. Anwar S.Daud | Key Management Personnel |
| Mr. Riaz A.Kamal | Key Management Personnel |
| Mr. A.C.Tiwari | Key Management Personnel |
| Mr. V. V. Parasar | Key Management Personnel |
| Mr. Hatim Bilal | Key Management Personnel |
| Mr. Naresh Gaikwad | Key Management Personnel |
| Mrs.Tasneem A.Daud | Relative to Key Management Personnal |

Zim Laboratories Limited

Transaction with Related parties during the year ending 31.03.11

| Particulars of Transactions | Transaction with | | |
|---|--|-----------------------|------------------------------------|
| | Associate /Holding companies and firms | Key Management person | Relatives of key Management Person |
| Purchase of Goods | 771,096 | - | - |
| Sales of Goods | 10,018,396 | - | - |
| Sales of Fixed Assets | 75,000 | - | - |
| Professional Charges Paid | - | - | 30,000 |
| Interest received | 1,206,425 | - | - |
| Advance / Loan Given | 77,706,469 | - | - |
| Amount received back against Advance / Loan granted | 51,096,763 | - | - |
| Remuneration Paid | - | 5,550,000 | - |
| Expenses Incurred on behalf of Party | 186,641 | - | - |
| Commission Paid | 26,190,850 | - | - |
| Reimbursement of Expenses | 119,963 | - | - |

- 21) Additional information pursuant to the provision of paragraphs 4C & 4D of the part II of schedule IV to Companies Act.1956.

A) Locences/SSI :-

Registered Capacity :

Not Applicable

Fig.In Lacs

| Particulars | Quantity | | |
|---|----------|-----------|-----------|
| | Unit | 31.03.11 | 31.03.10 |
| Installed Capacity : | | | |
| As certified by the directors and not certified by auditors,being technical matter (Single shift) | | | |
| i) Tablets | Nos. | 17,250.00 | 17,149.80 |
| ii) Capsules | Nos. | 6,500.00 | 5,670.00 |
| iii) Pellets | KG | 4.50 | 4.07 |
| iv) Syrup | KG | 0.05 | 0.03 |

- I) Manufacturing Goods :-

A) Actual Production (Excluding Job work)

| Particulars | Quantity | | |
|-------------|----------|------------|------------|
| | Unit | 31.03.11 | 31.03.10 |
| Tablets | Nos. | 15,362.934 | 30,320.884 |
| Capsules | Nos. | 9,062.222 | 3,689.071 |
| Pellets | KG | 3.857 | 4.428 |
| Dry Syrup | KG | - | 0.004 |

- B) Sales /Transfer:-

| Particulars | Unit | Value | | Quantity | |
|-------------|------|-----------|----------|------------|------------|
| | | 31.03.11 | 31.03.10 | 31.03.11 | 31.03.10 |
| Tablets | Nos. | 4,032.75 | 4445.44 | 15,546.864 | 29,969.160 |
| Capsules | Nos. | 5,160.69 | 1321.17 | 9,056.438 | 3,670.030 |
| Pellets | KG. | 5,008.15 | 3391.32 | 3.862 | 2.480 |
| Dry Syrup | KG. | - | 0.53 | - | 0.004 |
| | | 14,201.59 | 9158.46 | | |

C) Opening Stock :-

| Particulars | Unit | Value | | Quantity | |
|-------------|------|----------|----------|----------|----------|
| | | 31.03.11 | 31.03.10 | 31.03.11 | 31.03.10 |
| Tablets | Nos. | 44.30 | 63.79 | 510.66 | 158.940 |
| Capsules | Nos. | 16.24 | 15.99 | 71.00 | 51.960 |
| Pellets | KG | 11.40 | 25.80 | 0.02 | 0.050 |
| Dry Syrup | KG | - | - | - | - |
| | | | 71.94 | 105.58 | |

Work in Process :-

251.66 277.74

D) Closing Stock :-

| Particulars | Unit | Value | | Quantity | |
|-------------|------|-------------|----------|----------|----------|
| | | 31.03.11 | 31.03.10 | 31.03.11 | 31.03.10 |
| Tablets | Nos. | 109.63 | 44.30 | 326.73 | 510.660 |
| Capsules | Nos. | 34.15 | 16.24 | 76.79 | 71.00 |
| Pellets | KG | 9.79 | 11.40 | 0.016 | 0.020 |
| Dry Syrup | KG- | - | - | - | - |
| | | 153.5771.94 | | | |

Work in Process :-

492.83 251.66

II) Trading Goods :-

A) Opening Stock :-

| Particulars | Unit | Value | | Quantity | |
|-------------|------|----------|----------|----------|----------|
| | | 31.03.11 | 31.03.10 | 31.03.11 | 31.03.10 |
| | | - | - | - | - |

B) Purchases :-

| Particulars | Unit | Value | | Quantity | |
|-------------------|------|----------|----------|----------|----------|
| | | 31.03.11 | 31.03.10 | 31.03.11 | 31.03.10 |
| Antiseptics | Gm | 0.08 | 1.76 | 0.28 | 0.15 |
| Cream / Ointments | Mls | 0.08 | 1.10 | 0.95 | 0.14 |
| Pharma Drugs | Kgs | 143.03 | 749.23 | 0.03 | 0.34 |
| Electrolyte Power | Gm | 0.26 | 28.27 | 2.64 | 5.66 |
| Eye Drops | Nos | - | 0.33 | - | 0.11 |
| I/V set | Nos | - | 0.81 | - | 0.13 |
| Syrup | Mls | 7.13 | 22.72 | 39.17 | 16.93 |
| Injections | Nos | - | 3.35 | - | 0.53 |
| Tablets | No | - | 3.45 | - | 5.18 |
| | | 150.57 | 811.01 | | |

C) Sales :-

| Particulars | Unit | Value | | Quantity | |
|-------------------|------|----------|----------|----------|----------|
| | | 31.03.11 | 31.03.10 | 31.03.11 | 31.03.10 |
| Antiseptics | Gm | 0.10 | 1.90 | 0.28 | 0.15 |
| Cream / Ointments | Mls | 0.09 | 1.18 | 0.95 | 0.14 |
| Pharma Drugs | Kgs | 163.69 | 779.52 | 0.03 | 0.34 |
| Electrolyte Power | Gm | 0.32 | 32.13 | 2.64 | 5.66 |
| Eye Drops | Nos | - | 0.27 | - | 0.11 |
| I/V set | Nos | - | 0.88 | - | 0.13 |
| Syrup | Mls | 7.92 | 24.56 | 39.17 | 16.93 |
| Injections | Nos | - | 2.72 | - | 0.53 |
| Tablets | Nos | - | 3.49 | - | 5.18 |
| | | 172.12 | 846.66 | | |

Zim Laboratories Limited

E) Closing Stock:-

| Particulars | Value | | Quantity | | |
|-------------|-------|----------|----------|----------|----------|
| | Unit | 31.03.11 | 31.03.10 | 31.03.11 | 31.03.10 |
| | | - | - | - | - |

Consumption of Material :-

a) Raw Material: (including inter unit transfers)

| Particulars | Unit | Value | | Quantity | |
|------------------|------|-----------------|-----------------|----------|-----------|
| | | 31.03.11 | 31.03.10 | 31.03.11 | 31.03.10 |
| Vitamines | KG | 137.7 | 106.60 | 0.21 | 0.100 |
| Drugs | KG | 2,746.59 | 2,544.97 | 6.39 | 4.340 |
| Antibiotics | KG | 2,555.99 | 891.84 | 0.82 | 0.360 |
| Empty Capsules | Nos. | 601.41 | 219.01 | 9,147.80 | 3,695.960 |
| Others | KG | 1,484.21 | 528.79 | 13.46 | 7.340 |
| Packing Material | - | 1,297.90 | 852.62 | - | - |
| | | 8,823.86 | 5,143.83 | | |

| | | 31.03.11 | 31.03.10 |
|--|--------|-----------------|-----------------|
| Imported | 2.28% | 201.51 | 94.47 |
| Indigeneous | 97.72% | 8,622.35 | 5,049.36 |
| b) STORES & STORES | | | |
| Imported | 8.49% | 7.66 | - |
| Indigeneous | 91.51% | 82.56 | 45.76 |
| Expenditure in Foreign Exchange :- | | | |
| For Travelling | | 0.52 | 25.08 |
| Sales Promotion | | 0.70 | 53.43 |
| Miscellaneous Exp | | 1.85 | 5.14 |
| Commission on Export Sales | | 372.24 | 531.98 |
| Market Development | | - | 121.47 |
| Import of Goods & Machinery (including advances) | | 400.78 | 207.93 |
| Earning in foreign Exchange :- | | | |
| Net Realisation of Export Sales | | 4,197.89 | 4,163.09 |

Signature to Schedule "A" to "S"

As per our report of even date
For Paliwal Modani & Co.
 Firm Regd. No.107261W
 Chartered Accountants

For and on behalf of Board of Director

N.M.SUHAM (PALIWAL)
 PARTNER
 Membership No.015669

Anwar S. Duad
 (Managing Director)

Riaz A.Kamal
 (Director)

Place : Nagpur
 Date :12th Aug.2011

R.A.PARSURAMAN
 (Company Secretary)

Cash Flow Statement for the year ending 31st March,2011

| | For the year ended 31.03.2011 | For the year ended 31.03.2010 |
|--|----------------------------------|----------------------------------|
| A. Cash flow From operating Activities :- | | |
| Net Profit before Tax | 137,302,576 | 103,420,775 |
| Adjustment for : | | |
| Depreciation | 17,690,667 | 10,130,539 |
| (Profit)/Loss on sales of Assets | 142,731 | (206,181) |
| Dividend Received | (62,389) | (75,025) |
| Extra-ordinary Items | (1,364,529) | (1,856,815) |
| Interest Paid | 67,558,816 | 39,343,313 |
| Operating Profit before Working capital Changes | 221,267,873 | 150,756,606 |
| Adjustment For :- | | |
| Increase in Trade receivables | (34,305,422) | (115,047,002) |
| Increase in Inventories | (50,380,179) | (24,201,548) |
| Increase in Loans & Advances | (81,302,344) | (10,367,734) |
| Increase in Trade Payables | 5,613,033 | 33,041,267 |
| Income tax Paid | (5,707,191) | (5,437,682) |
| Extra-ordinary Items | 1,364,529 | 1,856,815 |
| Net Cash From Operating Activities | 56,550,298 | 30,600,723 |
| B. Cash Flow From Investing Activities :- | | |
| Acquisition of fixed assets (Net) | (121,456,016) | (88,606,802) |
| Other Investments | (10,002,066) | - |
| Sales Proceed from Fixed Assets | 220,444 | 336,598 |
| Dividend on Shares | 62,389 | 75,025 |
| Net Cash Used In Investing Activities | (131,175,248) | (88,195,179) |
| C. Cash Flow From Financial Activities :- | | |
| Proceed from secured loan | 132,277,138 | 103,255,094 |
| Proceed from Unsecured loan | 49,283,334 | - |
| Interest Paid | (67,558,816) | (39,343,313) |
| Net Cash flow from Financial Activities : | 114,001,655 | 63,911,781 |
| Net Increase in Cash And Cash Equivalent (A+B+C) | 39,376,705 | 6,317,326 |
| Opening cash and cash equivalent | 21,728,685 | 15,411,359 |
| Cash and Cash Equivalent as on 31 st March,2011 | <u>61,105,390</u> | <u>21,728,685</u> |

- Note 1) The above statement is subject to and read together with the notes on Accounts and Schedules attached thereto.
- 2) The above statement has been prepared under the "Indirect Method" as set out in the accounting standard-3 on Cash flow statements issued by the Institute of Chartered Accountants of India.
- 3) Previous year's figures have been regrouped, rearranged and recasted wherever found necessary.

As per our Audit Report of even date
For Paliwal Modani & Co.,
Firm Regd.No.107261W
Chartered Accountants

{N.M.SUHAM (PALIWAL)}
Partner
Membership No.15669
Place : Nagpur
Nagpur Dated the 12th Aug.2011

For and on behalf of the Board of Directors

Anwar.S.Daud
(Managing Director)

Riaz A.Kamal
(Director)

AUDITORS CERTIFICATE

We have verified the above statement with books and records maintained by Zim Laboratories Limited and certify that in our opinion and according to information and explanation given to us ,the above statement is in accordance therewith.

**Statement Pursuant to Part IV of Schedule VI to the Companies Act,1956
Balance Sheet Abstract and Companies's General Business Profile**

| | | |
|-------------------------------------|--|--|
| I. | Registration Details Registration No. 32173/14.02.198 | State Code 11 |
| Balance Sheet Date 31st March, 2011 | | |
| II. | Capital Raised During the Year Public Issue NIL Bonus Issue NIL | Amount in Thousand) Right Issue NIL Private Placement NIL |
| III. | Position of Mobilisation and Deployment of Funds Total Liabilities 866798 Sources of Funds : Paid -Up capital 60000 Secured Loans 457680 Application of Funds : Net Fixed Assets 350844 Net Current Assets 479344 | (Amount In Rs.Thousand) Total Assets 866798 Reserves & Surplus 268600 Unsecured Loans 54420 Investment 10512 Misc. Expenditure Nil |
| IV. | Performance Of Company Turnover 1463283 Profit/Loss Before Tax After Tax 94835 (+ for profit, - for loss) Earning Per Share in Rs. 15.81 | (Amount in Thousand) Total Expenditure 1325980 Profit/Loss 137303 Divident Rate % 10% |
| V. | Generic Names Of Five Principal Products/ Services of company(as per monetary terms) | |
| | (ITC HS Code No.) 30045020 29415000 29222933 30042013 29419090 | Product Description Folron Capsule Azithromycine for Oral Suspension Paracetamole Granules Ciprofloxacin Tablets Cefuroxime Taste Mask Granules |

For and On behalf of the Board of Directors

(Anwar S.Daud)
Managing Director

(Riaz A.Kamal)
Director

Zim Laboratories Limited

Regd. Office: Shop No. 41, "Manisha Plaza", Sonapur Lane, Off. L.B.S. Marg, Kurla (West),
Mumbai - 400 070.

ATTENDANCE SLIP

(Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and handover at the entrance of the Meeting hall)

I hereby record my presence at the TWENTY-SEVENTH ANNUAL GENERAL Meeting of the Company to be held on Friday, the 30th day of September, 2011 at the Registered Office of the Company at Shop No. 41, "Manisha Plaza", Sonapur Lane, Off. L.B.S. Marg, Kurla (West), Mumbai-400 070 at 11.00 a.m.

Folio No. _____

Client ID / DP ID. _____

Full name of the Shareholder/Proxy _____
(in block letters)

Signature of the Shareholder/s or Proxy

PLEASE BRING THIS ATTENDANCE SLIP AT THE MEETING

Zim Laboratories Limited

Regd. Office: Shop No. 41, "Manisha Plaza", Sonapur Lane, Off. L.B.S. Marg, Kurla (West),
Mumbai - 400 070.

PROXY FORM

I/We _____ of _____

in the district of _____ being a member/members of **Zim Laboratories Limited** hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ as my/our proxy to vote for me/us and on my/our behalf at the TWENTY-SEVENTH ANNUAL GENERAL MEETING of the Company to be held on Friday, the 30th day of September, 2011 at the Registered Office of the Company at Shop No. 41, "Manisha Plaza", Sonapur Lane, Off. L.B.S. Marg, Kurla (West), Mumbai-400 070 at 11.00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2011.

Affix Re.1/-
Revenue
Stamp

Folio No :

Client ID / DP ID. _____

Signature of Shareholder

NOTE: This form duly completed should be deposited at the Registered Office of the Company before 48 hours of the meeting. A Proxy need not be a Member.

PRINTED MATTER

BOOK - POST

To,

If undelivered, please return to:

Zim Laboratories Limited

Regd. Office :

Shop No. 41, Manisha Plaza, Sonapur Lane, Kurla (W),
Mumbai - 400 070