



**Zim Laboratories Limited**

**29<sup>th</sup> Annual Report  
2012-2013**

## **29<sup>th</sup> Annual Report 2012-2013**

### **Registered Office**

Flat No. 104, Vivek Co-operative Housing Society, Pipeline Road,  
Behind Tilak Nagar, Chembur, Mumbai – 400 089.

### **Corporate Office**

Sadoday Gyan (Ground Floor), Opp. NADT, Nelson Square, Nagpur – 440 013  
Phone : 0091 – 712 2588070 • e-mail : corporate@zimlab.in

### **Mr. Zakir S. Vali, Chairman Emeritus**

#### **// Board of Directors //**

- 1) Mr. Anwar S. Daud, Chairman-Cum-Managing Director
- 2) Mr. Riaz Ahmed K. Kamal, Executive Director
- 3) Mr. Zulfiquar M. Kamal, Director (Finance)
- 4) Dr. V.V. Parashar, Independent Director
- 5) Mr. Naresh Gaikwad, Independent Director
- 6) Mr. Gautam Saigal, Independent Nominee Director  
(from 19.10.2012 to 18.07.2013)
- 7) Mr. Rahul Deshpande, Independent Nominee Director
- 8) Mr. Suprakash Chakravarty, Independent Director

#### **// Company Secretary**

**Mr. R.A. Parasuraman**

#### **// Bankers //**

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

#### **// Auditors //**

M/s S.R. Batliboi & Co. LLP.  
Chartered Accountants

#### **// Legal Advisor//**

Ad. Noorui Hasan Shams

**ZIM LABORATORIES LIMITED**

Flat No. 104, Vivek Co-operative Housing Society, Pipeline Road, Behind Tilak Nagar, Chembur, Mumbai – 400 089

To

All the Members & Auditors of  
Zim Laboratories Ltd.

**NOTICE OF THE TWENTY NINTH ANNUAL GENERAL MEETING  
TO BE HELD ON 28.09.2013**

NOTICE is hereby given that the Twenty-Ninth Annual General Meeting of Zim Laboratories Limited will be held on Saturday the 28<sup>th</sup> September, 2013 at 11.30 a.m. in the Registered Office of the Company at Flat No. 104, Vivek Co-operative Housing Society, Pipeline Road, Behind Tilak Nagar, Chembur, Mumbai – 400 089 to transact the following business :-

**ORDINARY BUSINESS :**

(1) To consider and adopt the audited Balance Sheet as on 31.03.2013, the Profit & Loss Account for the year ended on that date and the Schedules forming part thereof as also Reports of Auditors and the Board of Directors.

**(2) Payment of Dividend :**

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

“RESOLVED that payment of dividend @ 10% for equity shares as on 28.09.2013 for the year ended 31.03.2013 be and is hereby declared”.

**(3) Appointment of Directors in place of retiring Directors :**

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

1) “RESOLVED that Dr. V.V. Parashar, Independent Director who retires by rotation at this Annual General Meeting and being eligible and willing, be and is hereby appointed as an Independent Director liable to retire by rotation.”

2) “RESOLVED that Mr. Naresh Gaikwad, Independent Director who retires by rotation at this Annual General Meeting and being eligible and willing, be and is hereby appointed as an Independent Director liable to retire by rotation.”

**(4) Appointment of Auditors :**

To pass, if thought fit, the following resolution as an Ordinary Resolution :-

“RESOLVED that M/s S.R. Batliboi & Co. LLP. (Reg. No. AAB-4294) the retiring Auditors who are willing and eligible for re-appointment be and are hereby re-appointed as Company’s Auditors to hold office till the conclusion of the next Annual General Meeting at such remuneration as the Board may determine in consultation with them”.

**SPECIAL BUSINESS :**

**Ordinary Resolution :**

**(5) Approval of revised remuneration of Mr. Riazahmed K. Kamal, Executive Director:-**

To pass, if thought fit, the following resolution as Ordinary Resolution :-

“RESOLVED that the increase in remuneration of Mr. Riazahmed K. Kamal, Whole-time Director from Rs. 10.50 lacs p.a. to Rs. 15.00 p.a., granted by the Board of Directors, pursuant to Section 269 of the Companies Act, 1956 and in compliance with Schedule XIII, by resolution dt. 21.06.2013 be and is hereby approved”.

**(6) Appointment of Mr. Suprakash S. Chakravarty as Director of the Company :**

To pass, if thought fit, the following resolution as Ordinary Resolution :-

"RESOLVED that Mr. Suprakash S. Chakravarty who was appointed as Additional Director and being Additional Director continued in office only upto the date of this Meeting i.e. 28.09.2013 be and is hereby appointed as an Independent Director of the Company, liable to retire by rotation".

By Order of the Board  
ZIM LABORATORIES LIMITED

(Anwar S. Daud)  
Managing Director

Date : 02.09.2013

**Note :**

1. Copy of the audited accounts along with reports of Auditors and the Board Report is attached.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business proposed, is attached.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. INSTRUMENT OF PROXY IF ANY, SHOULD REACH THE REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR MEETING. BLANK PROXY FORM IS ATTACHED.
4. Corporate members intending to send their representative to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising the representative to attend and vote on their behalf at the Meeting.
5. Members / proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
6. Members/Proxy holders are requested to bring their copies of the Annual Report with them to the Annual General Meeting.

**ZIM LABORATORIES LIMITED**  
Flat No. 104, Vivek Co-operative Housing Society, Pipeline Road,  
Behind Tilak Nagar, Chembur, Mumbai – 400 089

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business for the Annual General Meeting on 28.09.2013.**

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**Item No. 5 – Approval of increase in remuneration of Mr. Riazahmed K. Kamal, Whole-time Director :-**

Mr. Riazahmed K. Kamal, Whole-time Director has been appointed as Whole-time Director for five years from 01.04.2009 to 31.03.2014. The Board of Directors has increased the remuneration of Mr. Riazahmed K. Kamal from Rs. 10.50 lacs to Rs. 15.00 lacs per annum pursuant to Section 269 and in compliance with Schedule XIII of the Companies Act, 1956, but the increase in remuneration is subject to the approval by members. The resolution is proposed seeking approval of the members.

None of the Directors other than Mr. Riazahmed K. Kamal is interested in the resolution otherwise than as a Director.

**Item No. 6 – Appointment of Mr. Suprakash S. Chakravarty as Director of the Company :-**

Mr. Suprakash S. Chakravarty who was appointed as an Additional Director by the Board at its meeting held on 19.10.2012 would continue only upto the date of this Annual General Meeting i.e. 28.09.2013, the resolution is proposed for appointing Mr. Suprakash S. Chakravarty as an Independent Director of the Company liable to retirement by rotation.

No Director of the Company other than Mr. Suprakash S. Chakravarty is interested in the resolution otherwise than as a Director.

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**BOARD REPORT**

The Board of Directors of your company has the pleasure in presenting the Board Report pursuant to Sec. 217 of the Companies Act, in respect of the year ended on 31.03.2013 as follows: -

**PERFORMANCE DURING THE YEAR:**

(Rs. in Lacs)

Particulars	2013	2012
Sales (Net)	18500.37	18265.72
Other Income	349.40	397.05
Gross Income before Interest and Depreciation	2672.16	2086.29
Less : Interest	816.74	
Depreciation	306.16	1116.38
Profit Before Tax	1549.26	2348.94
Profit After Tax	952.41	1644.81
Balance in Profit & Loss Account brought forward	4164.04	2630.96
<b>Profit available for appropriation</b>		
<b>Appropriation :</b>		
Proposed Dividend	79.99	60.00
Corporate Dividend Tax	12.98	9.73
Transferred to General Reserve	23.81	42.00
Net Surplus in P & L A/c	4999.67	4164.04
Total Reserves & Surplus	9881.48	4261.08

**WORKING RESULTS:-**

The Net sales for the financial year under review were Rs. 18500.37 lacs as against Rs.18265.72 lacs for the previous financial year registering an increase of 1.28% over the previous year. The profit before tax has decreased from Rs.2348.94 lacs to Rs. 1549.26 lacs during the year under review.

**PRESENT OUTLOOK:**

Continued to post satisfactory progress in all its business areas. The enhancement of capacity at existing plant site is at final stage of completion and a new cephalosporin formulation unit was commissioned. The company realizing that it could tap the great institutional market opportunity available by increasing its penetration, decided to create its own institutional marketing team, initiating recruitments for creating specialized division to address the market on its own.

**PROJECTION:**

The Iranian market development efforts started yielding result along with those in Cuba, Congo & Ecuador by March end. The pending orders in these new territories exceeded 10 Crores. These emerging markets along with Kenya and Yemen, where the company has been approved after successful MOH audits are expected to give enhanced growth by leveraging Company's existing products in wider geography.

Also having developed the Oral Thin film technology and finding it to be an exciting technology for growing its existing and future markets steps were initiated to fast track the building of a small OTF manufacturing facilities.

The OTF facility is under construction and timed for July 13 completion and five products applications have been submitted to DCG for approval.

#### **DIVIDEND:**

Your Directors are pleased to recommend a Dividend of 10% for the financial Year 2012-13. 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 28th September, 2013 within the period as prescribed under the Companies Act, 1956.

#### **CAPITAL:**

**The Company has on 19.10.2012 allotted 19,98,520 equity shares of Rs. 10/- each at Rs. 252.43 per share to foreign investors as follows :-**

1)	Dr. Iguer Abdelmounaim Jointly with Mrs. Benkadi Fella	2,15,868
2)	AA Development Capital India Fund 1, LLC	17,82,652

**Consequent on the above allotment, the Paid-up Capital of the Company stands increased at 79, 98,520.**

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

No employee of the company has drawn remuneration not less than Rs. 60.00 lacs per annum if employed for the whole year or @ Rs. 5.00 lacs per month if employed for part of the year and, therefore no particulars are required to be reported.

#### **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 'I' attached hereto and forming part of this Report.

#### **DIRECTORS:**

The company has appointed Mr. Suprakash Shivamoy Chakravarty as Additional Director (Independent Director) from 19.10.2012 who will continue as Director only till the date of the Annual General Meeting and the Board recommends appointment of above Additional Director at the ensuing Annual General Meeting as Director of the Company liable to retire by rotation.

Mr. Gautam Saigal who was appointed as Independent Director on 19.10.2012 has resigned from Directorship w.e.f 18.07.2013.

Dr. V.V. Parashar, and Mr. Naresh J. Gaikwad, Independent Directors retire by rotation at this Annual General Meeting 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 Practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report.

#### **AUDITORS:**

S.R. Batliboi & Co. LLP., 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.
- 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.
- 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**

**(Anwar Siraj Daud)  
Chairman**

Nagpur  
Dated :21.08.2013



**ANNEXURE - I****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
- 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 cost of 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.6285.34	(Rs) amount
2. Expenditure in Foreign Exchange	:	Rs. 900.87	(Rs) in U

**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 :-

Particulars	2012-13	2011-12
Units	2851439	3731353
Total amount (Rs.)	21709230	23997590
Rate/Unit (Rs.)	7.61	6.43

## (b) Own generation – through Diesel Generator Set

Particulars	2012-13	2011-12
Units	33623	137815
Total amount (Rs.)	627629	1610970
Rate/Unit (Rs.)	18.66	8.91

2. Coal (used in Boiler) :-

Particulars	2012-13	2011-12
Units	--	--
Total amount (Rs.)	--	--
Rate/Unit (Rs.)	--	--

3. Fuel (used in Boiler) :-

Particulars	2012-13	2011-12
Units	66144000	3396486
Total amount (Rs.)	8471615	96860873
Rate/Unit (Rs.)	7.81	2.85

## "FORM B"

## Research and Development (R &amp; D) 2012 - 2013

**(1) Specific area in which R & D carried out by the company :**

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

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

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

**(3) Future plan of action :**

- (i) Development of new pharmaceutical formulations.
- (ii) Clinical trials of new drugs.
- (iii) Design and development of novel delivery systems for imported drugs.
- (iv) 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. Anwar S. Daud (Promoter Director)	:	Chairman & Managing Director
(2)	Mr. Riaz K. Kamal	:	Executive Director
(3)	Mr. Zulfiquar M. Kamal	:	Executive Director
(4)	Dr. V.V. Parashar	:	Independent Director
(5)	Mr. Naresh Gaikwad	:	Independent Director
(6)	Mr. Gautam Saigal (19.10.2012 to 18.07.2013)	:	Independent Nominee Director
(7)	Mr. Rahul Deshpande	:	Independent Nominee Director
(8)	Mr. S.S. Chakravarty	:	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 :-

04.05.2012, 31.5.2012, 13.06.2012, 29.06.2012, 14.07.2012, 21.07.2012, 11.08.2012, 23.08.2012, 22.09.2012, 26.09.2012, 19.10.2012, 06.11.2012, 21.12.2012, 18.01.2013, 18.02.2013 and 28<sup>th</sup> Annual General Meeting held on 28.09.2012 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	12	12	Yes
2	Mr. Anwar S. Daud	15	13	Yes
3	Mr. Riaz K. Kamal	15	13	Yes
4	Mr. Zulfiquar M. Kamal	5	4	Yes
5	Mr. Faiz Z. Vali (till 15.12.2012)	12	12	Yes
6	Mr. A.C. Tiwari (Chairman, Audit Committee)	10	10	Yes
7	Dr. V.V. Parashar	15	12	No
8	Mr. Naresh Gaikwad	15	11	No
9	Mr. Gautam Saigal	5	2	No
10	Mr. Rahul Deshpande	5	4	No
11	Mr. S.S. Chakravarty	5	3	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.	04.05.2012
2.	31.05.2012
3.	13.06.2012
4.	26.06.2012
5.	14.07.2012
6.	20.07.2012
7.	11.08.2012
8.	23.08.2012
9.	22.09.2012
10.	26.09.2012
11.	19.10.2012
12.	06.11.2012
13.	21.12.2012
14.	18.01.2013
15.	18.02.2013

I) **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 reconstituted on 12.12.2012 consisting of the following members and Chairman.

- |    |  |   |  |
|----|--|---|--|
| 1. | Mr. S.S. Chakravarty<br>(Independent Director) | : | Chairman   |
| 2. | Mr. Gautam Saigal<br>(Independent Director)    | : | Member (Ceased to be Member by resignation as Director on 18.07.2013.) |
| 3. | Mr. Naresh Gaikwad<br>(Independent Director)   | : | Member   |
| 4. | Mr. Anwar Siraj Daud<br>(Managing Director)    | : | Member   |

**IV) Audit Committee Meetings :**

During the year ended 31<sup>st</sup> March, 2013 the Audit Committee meetings were held on 09.04.2011, 25.06.2011, 10.07.2012 and 06.01.2012, The Annual Accounts for the year ended 31.03.2013 was considered by the Committee at its meeting held on 21.08.2013 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 28.09.2012.

**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	6,00,000	Nil	6,00,000
Mr. Anwar S. Daud Managing Director	52,00,000	12,00,000	64,00,000
Mr. Riaz K. Kamal Executive Director	12,00,000	Nil	12,00,000
Mr. Zulfiquar M. Kamal Executive Director	16,25,806	Nil	16,25,806

**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:-

<u>Sr. No.</u>	<u>Name of Directors</u>	<u>Position held</u>
1)	Dr. V.V. Parashar, Independent Director	Chairman
2)	Mr. Naresh Gaikwad, Independent Director	Member
3)	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 which required Committee's consideration and therefore, there was no occasion for the Committee to meet. There is no complaint pending for redressal.

VIII) General Body Meetings :

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

Year	Date of meeting	Time	Venue
2010	30.07.2010	11.00 a.m.	Registered Office : Shop No. 41, Manisha Plaza, Sonapur Lane, Kurla (W), Mumbai – 400 070
2011	30.09.2011	11.00 a.m.	Registered Office : Shop No. 41, Manisha Plaza, Sonapur Lane, Kurla (W), Mumbai – 400 070
2012	28.09.2012	11.30 a.m.	Registered Office : Shop No. 41, Manisha Plaza, Sonapur Lane, Kurla (W), Mumbai – 400 070

- i) Whether any Special Resolutions passed in the previous 3 AGM. : Yes
- ii) Whether any Special Resolutions passed last year through postal ballot : No
- iii) Person who conducted the postal ballot Exercise. : Not applicable
- iv) Whether any special resolution is proposed to be conducted through postal ballot. : No.
- v) Procedure for postal ballot : Not applicable

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 31<sup>st</sup> March, 2013.

- 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 31.03.2013 was placed before the Board of Directors at its meeting held on 21.08.2013.

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](http://www.zimlab.in)

X) **General Shareholder information :**

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

Date : 28.09.2013 at 11.00 a.m. to be held in the Registered Office at

Flat No. 104, Vivek Co-operative Housing Society,  
Pipeline Road, Behind Tilak Nagar, Chembur,  
Mumbai – 400 089

- Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March following
- Date of Book Closure : 18.09.2013 to 28.09.2013  
(both days inclusive)
- Dividend Payment date : 28.09.2013
- 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 31.03.2013

Shareholding	Nominal Value	Shareholding Number	%	Share Amount	%
1	500	4160	93.3736	565300	7.0676
501	1000	150	3.4251	122300	1.5290
1001	2000	59	1.3432	90900	1.1365
2001	3000	23	0.5598	64910	0.8115
3001	4000	4	0.0895	13490	0.1687
4001	5000	25	0.6044	130210	1.6279
5001	10000	11	0.3134	85210	1.0653
10001	000	15	0.2910	6927200	86.6060
	Total	4449	100.0000	7998520	100.0000

- Shareholding pattern as on 31.03.2013

Category	No. of Shares	Total Value (Rs.)	Percent (%)
Promoter & Promoter Group	3595670	35956700	44.954
Corporate Bodies (Promoter Co.)	200	2000	0.003
Other Bodies Corporate	1302160	13021600	16.280
Non Resident Indians	223800	2238000	2.798
Foreign Individual	215868	2158680	2.699
Foreign Company	1782652	17826520	22.287
Public	878170	8781700	10.979
<b>TOTAL</b>	<b>7998520</b>	<b>79985200</b>	<b>100.000</b>

- Dematerialisation of Shares :

	No. of shares	Percentage
In NSDL	2166400	27.09
In CDSL	26800	0.34
In Physical form	5805320	72.58
	7998520	100.00

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

### Management discussion and analysis

CRISIL Limited has granted rating of SE-1A which indicates "highest performance capability and high financial strength" adjudged in relation to other SSI which reflects the performance capability and financial strength of the Company. The management does not foresee any likely impediment to the progress being made by the Company except for any unforeseen developments or change in the applicable legislation or Government policy.

- Plant locations :

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

- Address for correspondence :

Corporate Office :  
 Sadoday Gyan (Ground Floor) Opp. N.A.D.T.,  
 Nelson Square, Nagpur – 440 013  
 PH. : 0712-2588070  
 Email : [md@zimlab.in](mailto:md@zimlab.in), [cs@zimlab.in](mailto:cs@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](mailto:zimltd@dataone.in)  
[md@zimlab.in](mailto:md@zimlab.in)

For and on behalf of the Board

(Anwar S. Daud)  
 Chairman

Nagpur  
 Dated : 21.08.2013

Anwar Siraj Daud

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

**DECLARATION BY THE MANAGING DIRECTOR  
UNDER CLAUSE 49(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 31<sup>st</sup> March, 2013, 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 :20.08.2013

\*\*\*\*\*

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

Registration No. of the Company : L99999MH1984PLC032172

Nominal Capital : Rs. 11,00,00,000.00

To

The Members  
ZIM Laboratories Limited,  
Sadoday Gyan, (Ground Floor),  
Opp. NADT, Nelson Square,  
NAGPUR – 440 013

I, Ankita P. Jain have examined all relevant records of ZIM Laboratories Limited for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with OTC Exchange of India for the financial year ended 31.03.2013. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of my examination of the records produced, explanations and information furnished, I certify that the Company has complied with all the mandatory conditions of Clause 49 of the Listing Agreement

Ankita Jain  
Practising Company Secretary

Membership No 32982  
Certificate of Practice No. 12098

Date : 17.08.2013

Place : NAGPUR

## INDEPENDENT AUDITOR'S REPORT

To the Members of Zim Laboratories Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Zim Laboratories Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis of Qualified Opinion

We report that the Company had during the previous years, given a loan to Unijules Lifesciences Limited, a company in which more than 25% of the total voting power was exercised by directors of the Company at the time of granting this loan without obtaining prior approval from the Central Government as required under section 295 of the Companies Act, 1956. The opening balance of this loan as on April 1, 2012 was Rs. 442.96 lacs and the year end balance is Rs. 422.60 lacs. Accordingly, we are unable to comment on the impact, if any, arising out of the same in these financial statements.

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter referred to in the Basis of qualified opinion paragraph the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, 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.

### Emphasis of Matter

We draw attention to Note 45 to the financial statements, for non compliance of few of the requirements of clause 41 of listing agreement with OTC Exchange of India with respect to filing of quarterly results along with limited review reports from the statutory auditors and submission of annual audited accounts within the timelines specified in the listing agreement and more fully described therein. Our opinion is not qualified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E

per Ravi Bansal  
Partner  
Membership Number: 49365  
Place: Mumbai  
Date: August 21, 2013

**Annexure to our report of even date**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has granted loan to a party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs 447.96 lakhs and the year-end balance of loan granted to such party was Rs 422.60 lakhs.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) There are no terms stipulated for recovery of loan granted and interest charged thereon. There is no default on the part of the party to whom the money has been lent for repayments of loan and/or interest are demanded.
- (d) There is no overdue amount of loans granted to company listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (f) and (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the sale of goods and services and for the purchase of fixed assets and inventory *except that there is no segregation of duties for functions in purchases of inventory and fixed assets which are concentrated with an individual and absence of process of inviting quotations. In our opinion, this is a continuing failure to correct a major weakness in the internal control system.*
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, *we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.*
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, related to the manufacture of pharmaceutical products, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, wealth-tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a serious delay in large number of cases of Income tax and Service tax.*
- (b) According to the information and explanations given to us, there are no undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of Dispute	Amount (Rs. in Lakhs)	Period to which amount relates	Forum where dispute is pending
Income tax Act, 1961	TDS & Interest	1.07	FY 2006-2007 to 2010-2011	ITO(TDS), Mumbai (New)
Income tax Act, 1961	Tax & Interest	174.79	FY 2006-2007 to 2011-2012	U/s 154 of Income Tax Act, 1961 Asst. Commission Income tax, Mumbai
Sales Tax	Tax & Interest	46.05	FY 1991-92 to 1993-1994, 2001-2002 & 2004-2005	Jt. Commissioner of Sales tax Appeal, Nagpur
Gram Panchayat tax	Tax	4.10	FY. 2008-2009 to 2012-2013	Stay order by High Court

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank or financial institution. The Company does not have any borrowings by way of debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.



- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E

per Ravi Bansal  
Partner  
Membership Number: 49365  
Place: Mumbai  
Date: August 21, 2013

## Balance sheet as at 31 March 2013

	Notes	31-Mar-13	31-Mar-12
		Rs. lacs	Rs. lacs
<b>Equity and Liabilities</b>			
<b>Shareholder's funds</b>			
Share capital	3	799.85	600.00
Reserves and surplus	4	9,881.68	4,261.08
		<b>10,681.53</b>	<b>4,861.08</b>
Warrant application money pending allotment	3	-	417.03
<b>Non-current liabilities</b>			
Long-term borrowings	5	1,848.85	1,452.46
Deferred tax liabilities (net)	6	356.85	372.31
Long-term provisions	7	24.33	-
		<b>2,230.03</b>	<b>1,824.77</b>
<b>Current liabilities</b>			
Short-term borrowings	8	3,804.94	3,768.85
Trade payables	9	3,261.29	2,803.02
Other current liabilities	10	1,156.45	1,253.47
Short-term provisions	7	697.17	605.49
		<b>8,919.85</b>	<b>8,430.83</b>
<b>Total</b>		<b>21,831.41</b>	<b>15,533.71</b>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	11	4,348.73	4,030.30
Capital work-in-progress		2,329.46	527.11
Non-current investments	12	5.10	5.29
Loans and advances	13	278.14	230.31
Other non current assets	17	31.63	165.25
		<b>6,993.06</b>	<b>4,958.26</b>
<b>Current assets</b>			
Inventories	14	2,362.10	1,400.37
Trade receivables	15	7,735.25	5,908.56
Cash and bank balances	16	141.32	1,037.46
Loans and advances	13	2,322.37	2,084.59
Other current assets	17	2,277.31	144.47
		<b>14,838.35</b>	<b>10,575.45</b>
<b>Total</b>		<b>21,831.41</b>	<b>15,533.71</b>

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP  
Firm registration number: 301003E  
Chartered Accountants

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

per Ravi Bansal  
Partner  
Membership no.: 49365  
Place: Mumbai  
Date: August 21, 2013

Anwar S. Daud  
Managing Director  
Place: Mumbai  
Date: August 21, 2013

Zulfiquar M. Kamal  
Director  
R.A. Parasuraman  
Company Secretary

## Statement of profit and loss for the year ended 31 March 2013

	Notes	31-Mar-13	31-Mar-12
		Rs. lacs	Rs. lacs
<b>Income</b>			
Revenue from operations (gross)	18	18,920.26	18,688.72
Less: excise duty		419.89	423.00
<b>Revenue from operations (net)</b>		<b>18,500.37</b>	<b>18,265.72</b>
Other income	19	349.40	397.05
<b>Total revenue</b>		<b>18,849.77</b>	<b>18,662.77</b>
<b>Expenses</b>			
Cost of raw material and packing materials consumed	20	9,857.45	10,597.75
Purchase of traded goods	21	2,353.89	158.40
(Increase)/ decrease in inventories of finished goods and work-in-progress	22	(739.96)	238.42
Employee benefits expense	23	1,286.66	1,122.73
Depreciation and amortization expense	11	306.16	235.55
Finance costs	24	890.36	766.05
Other expenses	25	3,115.56	3,194.93
Prior period items	31	230.39	-
<b>Profit before tax</b>		<b>1,549.26</b>	<b>2,348.94</b>
Tax expenses			
Current Tax		612.36	592.80
Deferred Tax (includes Rs. 13.39 lacs for deferred tax expense for prior years)		(15.51)	111.33
<b>Total tax expense</b>		<b>596.85</b>	<b>704.13</b>
<b>Profit for the year</b>		<b>952.41</b>	<b>1,644.81</b>
<b>Earning per equity share</b>			
	28		
Basic & Diluted Earning per share (Rs.)		13.82	27.41
Nominal value per share (Rs.)		10	10
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP  
Firm registration number: 301003E  
Chartered Accountants

per Ravi Bansal  
Partner  
Membership no.: 49365

Place: Mumbai  
Date: August 21, 2013

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

Anwar S. Daud  
Managing Director

Zulfiquar M. Kamal  
Director

Place: Mumbai  
Date: August 21, 2013

R.A. Parasuraman  
Company Secretary

## Cash flow statement for the year ended 31 March 2013

Particulars	31-Mar-13	31-Mar-12
<b>Cash flow from operating activities</b>	Rs. lacs	Rs. lacs
Profit before tax	1,549.26	2,348.94
<b>Non cash adjustments</b>		
Depreciation/amortisation	306.16	235.55
Prior period depreciation/amortisation (Refer note 31)	79.50	-
Loss on sale of fixed assets	15.01	3.72
Loss of fixed assets by fire	191.12	-
Dividend	(0.60)	(0.71)
Interest income	(249.70)	(114.78)
Unrealized Foreign Exchange Gain	12.55	(62.19)
Scrap sales of fixed assets lost by fire	(10.59)	-
Provision for doubtful debts	49.10	-
Provision for doubtful debts prior period adjustment	105.81	-
Provision for employee benefits	45.61	-
Interest Expenses	890.36	734.36
<b>Operating Profit Before Working Capital Changes</b>	<b>2,983.59</b>	<b>3,144.89</b>
Movement in working capital :		
(Increase)/decrease in trade receivable	(1,992.90)	(1,335.83)
(Increase)/decrease in inventories	(961.73)	252.38
Increase/(decrease) in trade payables	457.00	323.74
(Increase)/decrease in long term loan & advances	109.16	(302.79)
(Increase)/decrease in short term loan & advances	(237.78)	(477.82)
(Increase)/decrease in other non current assets	133.62	-
(Increase)/decrease in other current assets	(2,132.84)	(142.92)
Increase/(decrease) in other current liabilities	(101.24)	(66.98)
Net Cash generated from operations	(1,743.12)	1,394.67
Direct taxes paid (net of refunds)	(574.93)	(360.30)
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>(2,318.05)</b>	<b>1,034.37</b>
<b>Cash flows from Investing activities</b>		
Purchases of fixed assets, including CWIP & capital advances	(2,881.14)	(1,311.34)
Sale proceeds of fixed assets	22.24	23.07
Dividend income	0.60	0.71
Interest income	249.70	114.78
Sale of investments	0.19	99.85
<b>Net cash (used in) investing activity (B)</b>	<b>(2,608.41)</b>	<b>(1,072.93)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long term borrowings	396.39	477.46
Warrant application money	-	417.03
Proceeds from issue of shares	4,543.98	-
Proceeds from short term borrowings	36.09	360.64
Dividend paid	(55.78)	(55.80)
Interest Paid	(890.36)	(734.36)
<b>Net cash from financing activity (C)</b>	<b>4,030.32</b>	<b>464.97</b>
Net Increase in cash and cash equivalents (A+B+C)	(896.14)	426.41
Opening cash and cash equivalent	1,037.46	611.05
<b>Cash and Cash equivalent as on 31 March 2013</b>	<b>141.32</b>	<b>1,037.46</b>

## Components of cash and cash equivalents as at

	31-Mar-13	31-Mar-12
Cash and bank balances	141.32	1,037.46

Cash and cash equivalents as on 31 March 2013 include balances aggregating to Rs. 8.41 lacs (31 March 2012: Rs. 4.20 lacs) with scheduled banks on current accounts in respect of unpaid dividend, which are not available for use by the company.

The accompanying notes are an integral part of financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP  
Firm registration number: 301003E  
Chartered Accountants  
per Ravi Bansal  
Partner  
Membership no.: 49365  
Place: Mumbai

Date: August 21, 2013

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

Anwar S. Daud                      Zulfiquar M. Kamal  
Managing Director                  Director

Place: Mumbai

R.A. Parasuraman  
Date: August 21, 2013              Company Secretary

**ZIM LABORATORIES LIMITED****Notes of financial statements for the year ended 31<sup>st</sup> March 2013****1. Corporate information**

Zim Laboratories Limited ('the Company') is a public limited company domiciled in India and Incorporated under the provisions of the Companies Act, 1956. Its shares are listed on the Over the Counter Exchange of India (OTCEI). The company is engaged in the manufacturing, marketing and selling of formulation drugs, pre formulation ingredients in India and outside India.

**2. Basis of Preparation**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

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

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

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**b. Tangible fixed assets**

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**c. Intangible assets**

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

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

**d. Depreciation**

Depreciation on fixed assets is calculated on a written down value method using the estimated useful life which coincides the rates as prescribed under the Schedule XIV to the Companies Act, 1956.

Fixed assets purchased for less than Rs. 5,000 are fully depreciated in the year of acquisition.

**e. Research and development costs**

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

The technical feasibility of completing the intangible asset so that it will be available for use or sale

Its intention to complete the asset

Its ability to use or sell the asset

How the asset will generate future economic benefits

The availability of adequate resources to complete the development and to use or sell the asset

The ability to measure reliably the expenditure attributable to the intangible asset during development.

During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project. Amortization is recognized in the statement of profit and loss.

**f. Leases**

*Where the company is lessee*

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

**g. Borrowing costs**

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

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

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

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

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

**i. Government grants and subsidies**

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

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

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

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

#### **j. Investments**

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

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

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

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

#### **k. Inventories**

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

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

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

#### **l. Revenue recognition**

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

##### *Sale of goods*

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

##### *Interest*

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

##### *Income from services*

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

##### *Dividend*

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

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

## (i) Initial recognition

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

## (ii) Conversion

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

## (iii) Exchange differences

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

- Exchange differences arising on settlement/ restatement of monetary items are recognised as income or as expenses in the year in which they arise. Premium or discount on forward contracts is amortized over the life of such contracts and is recognised as income or expenses.
  - Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. The company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as adjustment to the interest cost and other exchange difference.
- (iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability regarded as an adjustment to the interest cost and other exchange difference.

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

**n. Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

The company has only one defined benefit plan for its employees, viz., gratuity. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gain and loss for defined benefit plan is recognized in full in the period in which they occur in the statement of profit and loss.

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

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



## **o. Taxation**

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

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

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

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

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

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

## **p. Segment reporting**

### *Identification of segments*

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

### *Segment accounting policies*

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

## **q. Earnings per Share**

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

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

## **r. Provisions**

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

**s. Contingent liabilities**

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

**t. Cash and cash equivalents**

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

## Zim Laboratories Limited Notes to financial statements for the year ended 31st March 2013

3. Share capital	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
<b>Authorised shares</b>		
11,000,000 (31 March 2012: 11,000,000) equity shares of Rs. 10 each	1,100.00	1,100.00
<b>Issued, subscribed and fully paid-up shares</b>		
7,998,520 (31 March 2012: 6,000,000) equity shares of Rs. 10 each	799.85	600.00
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>799.85</b>	<b>600.00</b>

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

Equity Shares	31-Mar-13		31-Mar-12	
	No. lacs	Rs. lacs	No. lacs	Rs. lacs
At the beginning of the period	60.00	600.00	60.00	600.00
Issued during the period	19.99	199.85	-	-
Outstanding at the end of the period	<b>79.99</b>	<b>799.85</b>	<b>60.00</b>	<b>600.00</b>

## (b) Term/right attached to equity shares

The company has only one class of equity shares having par value of Rs. 10 each. Each share holder of equity share is entitled to one vote per share. The dividend proposed by the board is subject to approval of the share-holders in Annual General Meeting.

During the year ended 31 March 2013 the amount of per share dividend proposed is Rs. 1 (31st March 2012 Rs.1)

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

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

	31-Mar-13		31-Mar-12	
	No.	% holding in the class	No.	% holding in the class
AA Development Capital India Fund 1, LLC	1,782,652	22.29%	-	-
Anwar Daud*	1,853,000	23.17%	1,185,000	19.75%
Faiz Z. Vali	1,445,590	18.07%	1,445,590	24.09%
Aanjaneya Remedies Private Limited	601,800	7.52%	-	-
AMR Investments Private Limited	583,949	7.30%	-	-
Unijules Lifesciences Limited	200	0.003%	1,820,000	30.33%

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

## (d) During the previous year, the Company had received Rs. 417.03 lacs from a foreign individual towards issue of warrants convertible into equity shares. The Company has allotted equity shares in the current year.

4. Reserves and surplus	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
<b>Capital reserve</b>		
(subsidy from state government)	20.00	40.00
Add: transferred from general reserve*	20.00	-
Less: transferred to general reserve*	-	(20.00)
	<b>40.00</b>	<b>20.00</b>

\* (Rectification of erroneous transfer from Capital Reserve to General Reserve in the previous year)

**Securities premium account**

Balance as per last financial statements  
Add: premium on issue of share  
Less: share issue expenses

31-Mar-12	
Rs. lacs	Rs. lacs
-	-
4,845.01	-
83.85	-
<b>4,761.16</b>	-

**General reserve**

Balance as per last financial statements  
Add: amount transferred from capital reserve  
Add: amount transferred from the statement of profit and loss  
Less: amount transferred to capital reserve

77.04	15.04
-	20.00
23.81	42.00
(20.00)	-
<b>80.85</b>	<b>77.04</b>

**Surplus/ (deficit) in the statement of profit and loss**

Balance as per last financial statements  
Profit for the year  
Less: Appropriations  
    Proposed final equity dividend (Rs. 1 per share)  
    Tax on proposed equity dividend  
    Transfer to general reserve  
Total appropriations  
Net surplus in the statement of profit and loss

4,164.04	2,630.96
952.41	1,644.81
79.99	60.00
12.98	9.73
23.81	42.00
116.78	111.73
<b>4,999.67</b>	<b>4,164.04</b>

**Total reserves and surplus**

<b>9,881.68</b>	<b>4,261.08</b>
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**5. Long-term borrowings**

	Non-current portion		Current maturities	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
<b>Secured</b>				
Indian rupee loan from banks	173.71	386.42	238.77	374.67
Foreign currency loan from banks	1,568.77	942.02	82.57	-
Vehicle loans	-	-	-	1.03
<b>Unsecured</b>				
From Non Banking Financial Company (NBFC)	-	42.65	42.65	362.08
Loan from Department of Scientific and Industrial Research (DSIR), Govt. of India	55.00	30.00	-	-
Deferred sales tax loan	51.37	51.37	-	-
	<b>1,848.85</b>	<b>1,452.46</b>	<b>363.99</b>	<b>737.78</b>

- (a) Indian rupee loan is from consortium members, the loan is secured by way of first charge on all fixed assets including Land & Building, Plant & Machinery and second charge on all current assets on pari passu basis with lead banker & other members under consortium arrangement. The interest rates are Base Rate Plus 3.50% p.a and PLR Minus 2% p.a respectively for each. The loan from a member Bank is repaid during the year & loan from the lead banker is repayable from March 2013 to September 2015.
- (b) Foreign currency loan from bank carries interest rate of 6.49% p.a. The loan is repayable from May 2013 to May 2019 on half yearly basis. The loan is secured by the first charge on land of company on pari-passu basis, first charge on plant & machinery procured by utilising the proceeds of the loan.
- (c) Deferred sales tax loan is interest free under the packing incentive scheme and is payable in 5 yearly installments starting from the financial year 2015-16.
- (d) Loan from DSIR is repayable after 36 months from the date of first sanction i.e. 18th October 2011, in five yearly equal installments. The Company shall pay annual royalty of 26% of the amount disbursed i.e. repayment shall be 1.30 times of the amount actually disbursed by DSIR.
- (e) The interest rate on term loan from NBFC is 10.75% p.a. on the actual amount disbursed and loan is repayable in 18 monthly installments of fixed amount from the date of disbursement.

**6. Deferred tax liabilities (net)**

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	438.76	369.60
Others	12.69	3.14
<b>Gross deferred tax liabilities</b>	<b>451.45</b>	<b>372.74</b>
<b>Deferred tax assets</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	26.44	0.43
Provision for employee benefits	15.50	-
Provision for doubtful debts & advances	52.66	-
<b>Gross deferred tax assets</b>	<b>94.60</b>	<b>0.43</b>
<b>Net deferred tax liabilities</b>	<b>356.85</b>	<b>372.31</b>

**7. Provisions**

	Long-term		Short-term	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
Provision for income tax	-	-	582.92	535.76
Proposed equity dividend	-	-	79.99	60.00
Provision for tax on proposed dividend	-	-	12.98	9.73
Provision for gratuity (Refer Note 29)	24.33	-	2.26	-
Provision for leave benefits	-	-	19.02	-
	<b>24.33</b>	<b>-</b>	<b>697.17</b>	<b>605.49</b>

**8. Short term borrowings**

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
<b>Secured</b>		
Cash credit from banks	3,671.58	2,655.58
Export packing credit from banks	-	801.12
Bills discounted with bank	-	120.53
<b>Unsecured</b>		
Short term loan from financial institution	133.36	191.62
	<b>3,804.94</b>	<b>3,768.85</b>

- (a) Cash credit from banks are secured by the first charge on all current assets including inventory and receivables on pari passu basis with consortium members and second charge on all the fixed assets of the Company i.e. Land, Building and Plant & Machineries. Cash credit is repayable on demand and interest rate on cash credit facility from lead banker & other bank is Base Rate Plus 5.25% p.a. & PLR Minus 2.25% p.a. respectively.
- (b) Export packing credit from banks is availed on export orders received by the company. The interest rate is Base Rate Plus 1.25% p.a.
- (c) Short term loan from financial institution is for the raw material purchases having repayment period of 90 Days against each purchases.

**9. Trade payables**

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
For goods	2,396.70	2,151.79
For expenses	864.59	651.23
(Refer note no. 39 for micro & medium enterprises)	<b>3,261.29</b>	<b>2,803.02</b>

**10. Other current liabilities**

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Current maturities of long term borrowings	363.99	737.78
Interest accrued but not due	13.28	-
Liability for capital expenditure	432.68	234.70
Advance received from customers	194.64	41.41
Statutory dues	63.34	112.27
Investor education and protection fund will be credited by following amounts (as and when due)		
Unpaid dividends	8.42	4.20
Payable to directors	1.25	2.98
Others (includes payable to employees)	78.85	120.13
	<b>1,156.45</b>	<b>1,253.47</b>

**12. Non current investments (valued at cost unless stated otherwise)**

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Investment in equity instruments (unquoted) (Trade) 20,200 (31 March 2012: 20,200) equity shares of Rs. 25 each fully paid-up in Shamrao Vithal co-operative Bank Limited	5.00	5.00
Government securities (unquoted) (Non trade) National saving certificate	*	*
	<b>5.10</b>	<b>5.29</b>

\* Denotes amount less than a lac

**13. Loans & Advances**

(Unsecured, considered good unless otherwise stated)

	Non Current		Current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
Capital advances	224.91	67.92	-	-
Earnest Money and security deposits	53.23	162.39	214.26	243.89
Loan & advances to related parties (Note 37)	-	-	431.97	442.96
Advances recoverable in cash & kind	-	-	1,622.69	1,353.27
Pre-paid expenses	-	-	39.27	21.31
Loans to employees	-	-	3.88	9.83
Balance with statutory/government authorities	-	-	10.30	13.33
	<b>278.14</b>	<b>230.31</b>	<b>2,322.37</b>	<b>2,084.59</b>

Loan & advances due by directors or other officers, etc

	Current	
	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Loans & advances to related parties include:		
Dues from executive directors	9.37	-
Dues from Unijules Lifesciences Limited, in which directors are interested during the year (Refer Note 46)	422.60	442.96
	<b>431.97</b>	<b>442.96</b>

Zim Laboratories Limited Notes to financial statements for the year ended 31st March 2013

## 11. Tangible assets

Rs. lacs

	Freehold Land	Leasehold Land	Site Development	Buildings	Plant and Machinery	Electric Installation	Furniture and Fixtures	Office Equipments	Vehicles	Total
<b>Cost</b>										
At 1 April 2011	27.63	173.10	99.32	1,177.77	1,968.92	64.19	233.75	68.44	94.77	3,907.89
Additions	-	54.99	8.01	242.62	582.67	3.31	65.35	9.10	29.35	995.40
Disposals	-	-	-	-	31.48	-	-	-	-	31.48
At 31 March 2012	27.63	228.09	107.33	1,420.39	2,520.11	67.50	299.10	77.54	124.12	4,871.81
<b>Cost</b>										
At 1 April 2012	27.63	228.09	107.33	1,420.39	2,520.11	67.50	299.10	77.54	124.12	4,871.81
Additions	-	0.30	-	329.03	500.78	6.11	57.24	23.08	-	916.54
Disposals	-	-	-	81.42	128.60	0.94	26.96	29.02	27.22	294.16
Adjustment	-	-	(107.33)	107.33	-	-	-	-	-	-
At 31 March 2013	27.63	228.39	-	1,775.33	2,892.29	72.67	325.38	71.60	96.90	5,494.19
<b>Depreciation</b>										
At 1 April 2011	-	-	4.79	131.71	354.82	6.19	37.23	41.51	34.20	610.45
Charge for the year	-	-	1.63	39.39	159.71	3.31	16.74	6.27	8.70	235.75
Disposals	-	-	-	-	4.69	-	-	-	-	4.69
At 31 March 2012	-	-	6.42	171.10	509.84	9.50	53.97	47.78	42.90	841.51
<b>Depreciation</b>										
At 1 April 2012	-	-	6.42	171.10	509.84	9.50	53.97	47.78	42.90	841.51
Charge for the year	-	1.78	-	54.78	206.62	3.32	27.38	8.23	9.31	311.42
Disposals	-	-	-	0.12	12.62	0.44	3.62	27.50	24.12	68.42
Adjustment	-	4.39	(6.42)	13.15	-	-	49.83	-	-	60.95
At 31 March 2013	-	6.17	-	238.91	703.84	12.38	127.56	28.51	28.09	1,145.46
<b>Net Block</b>										
At 31 March 2013	27.63	222.22	-	1,536.42	2,188.45	60.29	201.82	43.09	68.61	4,348.73
At 31 March 2012	27.63	228.09	100.91	1,249.29	2,010.27	58.00	245.13	29.76	61.22	4,030.30

1 The borrowing cost capitalized during the year ended 31 March 2013 was Rs. 110.76 lacs (31st March 2012: 106.38 lacs).

2 Building includes those constructed on leasehold land:

Gross block	31-Mar-13	31-Mar-12
Depreciation charged during the year	1,565.77	1,420.39
Accumulated depreciation	49.89	39.38
Net Book Value	189.01	171.09
	1,376.76	1,249.30

3 Vehicles includes vehicles in the personal name of directors & employees having Gross Block Rs. 56.04 lacs and WDV Rs. 43.87 lacs (31st March 2012 - Gross Block Rs. 40.97 lacs and WDV Rs. 34.13 lacs)

4 Reconciliation of depreciation:

Charge for the year as above	31-Mar-13	31-Mar-12
Depreciation capitalised for fixed assets used for assets under development	311.42	235.75
Depreciation and amortization charged for the year	5.26	-
	306.16	235.75

**14. Inventories**

(Valued at lower of cost and net realizable value)

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Raw materials [includes in transit - Rs. 24 lacs(Previous year: Nil)]	797.70	597.65
Packing materials	379.48	346.04
Work in progress (Refer note 22)	431.40	217.99
Finished goods [includes in transit - Rs. 530 lacs (Previous year: Nil)]	716.54	189.99
Stores and spares	36.98	48.70
	<b>2,362.10</b>	<b>1,400.37</b>

**15. Trade receivables (unsecured)****Outstanding for more than six months from the date they are due for payment**

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Considered good	563.22	438.25
Considered doubtful	154.91	32.45

**Other receivables**

Considered good	7,172.03	5,421.74
Considered doubtful	-	16.12

Less: Provision for doubtful debts

	<b>7,890.16</b>	<b>5,908.56</b>
	154.91	-
	<b>7,735.25</b>	<b>5,908.56</b>

**16. Cash and bank balances**

	Non-Current		Current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
<b>Cash and cash equivalents</b>				
Balances with banks:				
- on current accounts	-	-	129.63	1,029.18
- Unpaid dividend account	-	-	8.42	4.20
Cash on hand	-	-	3.27	4.08
<b>Other bank balances</b>				
Margin money deposits*	31.63	165.25	651.77	141.16
Fixed deposits with original maturity for more than 12 months	-	-	1,600.00	-
	<b>31.63</b>	<b>165.25</b>	<b>2,393.09</b>	<b>1,178.62</b>
Amount disclosed under non-current assets (Note 17)	(31.63)	(165.25)	(2,251.77)	(141.16)
	-	-	<b>141.32</b>	<b>1,037.46</b>

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

**17. Other assets**

	Non-Current		Current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
Other bank balances (Note 16)	31.63	165.25	2,251.77	141.16
Interest accrued on fixed deposits	-	-	4.87	3.31
Others	-	-	20.67	-
	<b>31.63</b>	<b>165.25</b>	<b>2,277.31</b>	<b>144.47</b>



## Zim Laboratories Limited Notes to financial statements for the year ended 31st March 2013

## 18. Revenue from operations

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Sales of products		
Finished goods	16,160.41	18,114.69
Traded goods	2,494.22	316.53
Other operating revenue	265.63	257.50
	<b>18,920.26</b>	<b>18,688.72</b>
Less: Excise duty	419.89	423.00
	<b>18,500.37</b>	<b>18,265.72</b>

## Details of product sold

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Finished goods		
Tablets	8,378.66	7,519.52
Capsules	1,674.44	4,995.48
Pre formulation ingredients	6,107.31	5,599.69
	<b>16,160.41</b>	<b>18,114.69</b>

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Traded goods		
Bulk drugs	2,494.22	263.40
Medicine kits	-	11.86
Capital Goods	-	41.27
	<b>2,494.22</b>	<b>316.53</b>

## Other operating revenue

Export incentives	244.07	227.45
Scrap Sales	10.27	13.38
Others	11.29	16.67
	<b>265.63</b>	<b>257.50</b>

## 19. Other income

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Interest income on		
Fixed deposits	163.14	42.25
Others	86.56	72.53
Dividend income on non current investments	0.60	0.70
Exchange rate difference (net)	97.66	242.72
Rebate on excise duty	-	6.57
Other non-operating income	1.44	32.28
	<b>349.40</b>	<b>397.05</b>

## 20. Cost of raw material and packing material consumed

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Inventory at the beginning of year	943.69	965.56
Add: Purchases	10,090.94	10,575.88
	11,034.63	11,541.44
Less: Inventory at the end of year	1,177.18	943.69
Cost of raw material and packing material consumed	<b>9,857.45</b>	<b>10,597.75</b>

## Details of raw material and packing material consumed

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Drugs	4,210.67	4,183.79
Antibiotics	2,558.67	2,472.15
Packing materials	1,267.67	1,701.73
EHG capsules	269.37	747.88
Vitamins	82.50	141.08
Others	1,468.57	1,351.12

**9,857.45                      10,597.75**

**21. Purchase of traded goods**

**2,353.89                      158.40**

## Details of purchases of traded goods

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Bulk Drugs	2,353.89	124.30
Medicine kits	-	9.82
Capital Goods	-	24.28
	<b>2,353.89</b>	<b>158.40</b>

**22. (Increase)/decrease in inventories of finished goods and work in progress**

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Inventories at the end of the year		
Finished goods	716.54	189.99
Work in progress	431.40	217.99
	<b>1,147.94</b>	<b>407.98</b>
Inventories at the beginning of the year		
Finished goods	189.99	153.57
Work in progress	217.99	492.83
	<b>407.98</b>	<b>646.40</b>
	<b>(739.96)</b>	<b>238.42</b>

**Details of inventory**

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
<b>Finished goods</b>		
Tablets	393.03	38.35
Capsules	66.07	19.86
Pre formulation ingredients	257.44	131.78
	<b>716.54</b>	<b>189.99</b>

**Work in progress**

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Tablets	221.50	43.99
Capsules	62.41	22.79
Pre formulation ingredients	147.49	151.21
	<b>431.40</b>	<b>217.99</b>

**23. Employee benefits expense**

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Salaries, wages and bonus	1,194.24	1,055.07
Contribution to provident and other funds	33.24	20.46
Gratuity expense (Refer note 29)	18.19	19.93
Staff welfare expenses	40.99	27.27
	<b>1,286.66</b>	<b>1,122.73</b>

**24. Finance costs**

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Interest cost	816.74	734.36
Other borrowing costs	73.62	31.69
	<b>890.36</b>	<b>766.05</b>

**25. Other Expenses**

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Consumption of stores & spares	128.81	107.23
Power and fuel	375.98	336.30
Water charges	6.66	7.36
Insurance	9.95	8.17
(Increase)/decrease of excise duty on inventory	-	9.59
Repairs & maintenance expenses -		
Machines	126.10	123.60
Buildings	26.75	40.53
Others	24.86	24.67
Printing & stationery expenses	18.62	13.48
Communication costs	24.38	20.41
Legal and professional fees	151.36	153.13
Payment to auditors (refer note no. 26)	15.29	3.28
Advertisement & sales promotion expenses	32.80	15.64
Travelling and conveyance	130.54	89.40
Commission on sales	1,110.30	1,602.62
Freight and forwarding charges	356.84	356.58
Bad debts/ advances written off	87.58	11.56
Provision for doubtful debts and advances	49.10	-
Rates and taxes	9.55	8.95
Loss due to fire (net)	26.59	-
Loss on sale of fixed assets	15.01	3.72
Rent	4.50	-
Miscellaneous expenses	383.99	258.71
	<b>3,115.56</b>	<b>3,194.93</b>

**26. Payment to auditor**

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
As auditor		
Audit fees	15.00	2.20
Tax audit fees	-	1.00
In other capacity		
Other services	*	*
Reimbursement of expenses	*	*
	<b>15.29</b>	<b>3.28</b>

\*Denotes amount less than a lac.

**27. Capitalisation of expenditure**

During the year, the company has capitalized the following expenses to the cost of capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the company.

	<b>31-Mar-13</b>	<b>31-Mar-12</b>
	Rs. lacs	Rs. lacs
Salaries, wages and bonus	26.49	7.09
Finance costs	110.76	106.38
Other expenses	18.24	2.87
	<b>155.49</b>	<b>116.34</b>

**28. Earning per share (EPS)**

	<b>31-Mar-13</b>	<b>31-Mar-12</b>
	Rs. lacs	Rs. lacs
Profit after tax	952.41	1,644.81
Net profit for calculation of basic and diluted earning per share	952.41	1,644.81
Weighted average number of equity shares in calculating basic and diluted EPS	6,892,490	6,000,000
Basic and Diluted Earning Per Share (Rs.)	13.82	27.41

**29. General Description of Defined Benefit Plan - Gratuity**

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

The following tables summarise the components of net benefit expense recognized in the statement of profit and loss, the fund status and amounts recognized in the balance sheet respectively.

**Statement of profit and loss**

Net employee benefit expenses recognized in the employee cost:

	<b>Gratuity</b>	
	<b>31-Mar-13</b>	<b>31-Mar-12</b>
	Rs. lacs	Rs. lacs
Current service cost	6.39	4.80
Interest cost on benefit obligation	5.77	4.07
Expected return on plan assets	(2.99)	(2.45)
Net actuarial(gain)/loss in the year	5.52	7.84
<b>Net benefit expenses</b>	<b>14.69</b>	<b>14.26</b>
Actual return on plan assets	4.68	2.69

**Balance sheet**

Benefit asset/liability

	<b>Gratuity</b>	
	<b>31-Mar-13</b>	<b>31-Mar-12</b>
	Rs. lacs	Rs. lacs
Opening defined benefit obligation	67.86	50.91
Current service cost	6.39	4.80
Interest cost	5.77	4.07
Benefit paid	-	-
Actuarial(gains)/losses on obligation	7.21	8.08
	<b>87.23</b>	<b>67.86</b>

**Changes in the fair value of the plan are as follows:**

	Gratuity	
	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Opening fair value of plan assets	34.76	28.78
Expected return	2.99	2.45
Contribution by employer	21.20	3.30
Benefit paid	-	-
Actuarial gain/(losses)	1.69	0.24
Closing fair value of plan assets	<b>60.64</b>	<b>34.77</b>

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

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Investments with insurer (Insurer managed funds)	100%	100%

The principal assumption used in determining gratuity benefit obligation for the company's plans are shown below

	Gratuity	
	31-Mar-13	31-Mar-12
Discount rate	8.00%	8.50%
Expected rate of return on assets	8.70%	8.60%
Salary escalation	5.00%	5.00%
Attrition rate	12.85%	12.85%
Mortality	Indian assured lives mortality (2006-08) ultimate	L.I.C.(1994-96) Ultimate
Retirement age (years)	60	60

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

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

**Amounts for the current and previous period are as follows:**

Gratuity	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Defined benefit obligation	87.23	67.86
Plan assets	60.64	34.77
Surplus / (deficit)	(26.59)	(33.09)
Experience adjustments on plan liabilities	2.49	3.72
Experience adjustments on plan assets	1.69	0.24

**30. Operating leases**

Where company is the lessee :

In respect of cancellable operating leases, lease charges charged to statement of profit and loss.

Particulars	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Premises lease charges*	4.50	-

\*Premises are obtained on operating lease. There is no provision for renewal. There is no escalation clause in the lease agreement. There are no restrictions imposed by leased arrangements. There are no subleases.

**31. Prior period items**

	<b>31-Mar-13</b>	<b>31-Mar-12</b>
	Rs. lacs	Rs. lacs
Commission (Note a)	49.80	-
Employee cost (Note b)	35.12	-
Excise (Note c)	(28.68)	-
Depreciation /amortisation (Note d)	79.50	-
Other income (Note e)	(38.09)	-
Provision for doubtful debts/Bad debts written off (Note f)	132.74	-
	<b>230.39</b>	<b>-</b>

- a) In previous year, the company had provided for commission payable on sales on receipt of claims for commission from the agents. During the year, few of the payments of commission claims were paid for last year and hence these are shown as prior period expenses.
- b) The Company had provided for employee benefits viz. gratuity and leave encashment upto March 31, 2012 only on payment basis. In the current year, the Company has accounted for the entire liability as per actuarial valuation and accounted Rs. 35.12 lacs the charge pertaining to previous year as a prior period expense.
- c) During the year, the company has availed CENVAT credit of Rs. 28.68 lacs related to purchases of prior years after carrying out a reconciliation of purchase and excise register, which is accounted as prior year income.
- d) Prior period adjustments to depreciation/amortisation include -
- (i) Depreciation charge of Rs. 68.38 lacs towards assets costing less than Rs. 5,000 acquired in prior years which were not fully depreciated in the year of acquisition.
- (ii) Additional depreciation charge of Rs.6.73 lacs on assets reclassified to 'Factory Building' which were inadvertently capitalized under the block - 'Site development' in earlier years.
- (iii) The Company had not amortised leasehold land up to March 31, 2012. During the year, the Company has provided for amortization from the beginning of the leasehold agreement considering the lease period and an amount of Rs. 4.39 lacs pertaining to amortization till March 31, 2012 is shown as a prior period expense.
- e) In the previous year, the company inadvertently did not claim few of the export incentives eligible to it under foreign trade policy. During the year, the company has filed these claims under the schemes for eligible exports transaction and an income of Rs. 38.09 lacs pertaining to prior period is accounted as prior period income.
- f) Rs. 132.74 lacs pertains to past adjustments arising out of reconciliations of opening balances of trade receivables and payables.

**32. Research & development expenditure**

	<b>31-Mar-13</b>	<b>31-Mar-12</b>
	Rs. lacs	Rs. lacs
Revenue	107.94	116.18
Capital	71.25	121.75
	<b>179.19</b>	<b>237.93</b>

**33. Capital and other commitments**

	<b>31-Mar-13</b>	<b>31-Mar-12</b>
	Rs. lacs	Rs. lacs
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	954.07	484.08

**34. Contingent liabilities**

Particulars	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Bank guarantees & letter of credits issued by bank (net of margin money deposits)	196.39	111.71
Claims against company not acknowledged as debt in respect of:		
Sales tax	46.05	55.96
Service tax	-	4.02
Income tax	175.86	148.40
Gram Panchayat Tax	4.10	4.02
Additional contribution to group gratuity scheme	-	0.94
Pending obligation against EPCG Licenses	41.52	-
<b>Total</b>	<b>463.92</b>	<b>325.05</b>

**35. Derivative instruments and unhedged foreign currency exposure****31-Mar-13****31-Mar-12**

(a) Derivatives outstanding as at the reporting date

-

-

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

Particulars	31-Mar-13		31-Mar-12	
	Amount In Foreign Currency (Lacs)	Amount In Local Currency (Lacs)	Amount In Foreign Currency (Lacs)	Amount In Local Currency (Lacs)
Trade payables (USD)	8.82	429.70	11.70	417.56
Trade receivables				
USD	30.41	1,650.99	27.26	1,386.71
EURO	0.19	13.42	2.10	142.25
Borrowings (USD)	31.08	1,651.34	18.50	942.02

**36. Segment Information**

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

**Geographical segment:**

Rs. lacs

Particulars	31-Mar-13			31-Mar-12		
	Domestic	Export	Total	Domestic	Export	Total
Revenue from operations	7,883.37	10,617.00	18,500.37	7,179.72	11,086.00	18,265.72
Carrying amount of segment assets	17,712.89	3,260.00	20,972.89	11,092.95	2,649.00	13,741.95
Capital expenditure for the year	2,718.89	-	2,718.89	1,311.51	-	1,311.51

## 37. Related party disclosures

Name of related parties with whom transactions have taken place during the year

Entities where key managerial personnel have significant influence

Unijules Life Sciences Limited

**Key Management Personnel:**

Mr. Anwar S.Daud  
Mr. Zulfiqar Kamal  
Mr. Riaz A.Kamal  
Mr. Zakir S.Vali

**Nature of relationship**

Managing Director  
Executive Director (appointed w.e.f 19 October 2012)  
Executive Director  
Chairman and Director (upto 15 December 2012)

**Relative of Key Management Personnel:**

Mrs. Tasneem Daud

**Nature of relationship**

Wife of Mr. Anwar S.Daud

**Transactions with related parties (for the period parties were related)**

Nature of transactions	31-Mar-13 Rs. lacs	31-Mar-12 Rs. lacs
<b>1) Purchase of Raw Materials and packing materials</b>		
Unijules Life Sciences Limited	7.37	14.19
<b>2) Purchase of fixed assets</b>		
Unijules Life Sciences Limited	41.72	-
<b>3) Sale of finished goods</b>		
Unijules Life Sciences Limited	43.13	140.40
<b>4) Sale of fixed assets</b>		
Unijules Life Sciences Limited	2.29	23.07
<b>5) Interest accrued on loans and advances</b>		
Unijules Life Sciences Limited	34.74	53.40
<b>6) Loans and advances given</b>		
Unijules Life Sciences Limited	30.79	203.23
<b>7) Repayment of loans given</b>		
Unijules Life Sciences Limited	65.79	92.25
	<b>31-Mar-13</b> Rs. lacs	<b>31-Mar-12</b> Rs. lacs
<b>8) Commission on sales</b>		
Unijules Life Sciences Limited	36.10	636.50
<b>9) Professional fees</b>		
Mrs. Tasneem Daud	*	*
<b>10) Remuneration paid</b>		
Mr. Anwar S.Daud	64.00	36.00
Mr. Riaz Kamal	12.00	10.50
Mr. Zulfiqar Kamal	16.26	-
Mr. Zakir S.Vali	6.00	9.00



Balances outstanding at year end	31-Mar-13 Rs. lacs	31-Mar-12 Rs. lacs
<b>Trade Payable (net of advances)</b>		
Unijules Life Sciences Limited	45.87	16.94
<b>Trade Receivable</b>		
Unijules Life Sciences Limited	129.15	119.85
<b>Loans and advances</b>		
Unijules Life Sciences Limited	422.60	442.96
<b>Advances to Key Managerial Personnel</b>		
Mr. Zulfiquar Kamal	3.26	-
Mr. Anwar S.Daud	6.11	-
<b>Payable to Key Managerial Personnel</b>		
Mr. Riaz A.Kamal	0.33	-
Mr. Zakir S.Vali	0.48	-
Mr. Anwar S.Daud	-	2.98
* Denotes amount less than a lacs		

Indian rupee loans and short term borrowings of Rs.4,126.71 lacs (31 March 2012: Rs.4,743.05 lacs) and foreign currency loan of Rs. 1,651.34 lacs (31 March 2012: Rs.942.02 lacs) from banks is guaranteed by the personal guarantee of the managing director of the company.

### 38. Loans and advances in the nature of loans given to companies in which directors are interested

#### Unijules Life Sciences Limited

Balance as at 31 March 2013 Rs. 422.60 lacs (31 March 2012: Rs. 442.96 lacs).

Maximum amount outstanding during the year Rs. 447.96 lacs (31 March 2012: Rs. 442.96 lacs). There is no repayment schedule in respect of this loan. The same is repayable on demand.

### 39. Details of dues to micro and small enterprises as defined under the MSMED Act 2006\*

	31-Mar-13 Rs. lacs	31-Mar-12 Rs. lacs
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	-	55.73
- Interest due on above	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-

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

40. Value of imports calculated on CIF Basis

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Raw materials	372.01	183.99
Traded goods	-	51.41
Components & spare parts	10.72	5.20
Capital goods	277.12	184.94
	<b>659.85</b>	<b>425.54</b>

41. Expenditure in foreign currency (accrual Basis)

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Commission on export sales	855.60	791.87
Travelling & conveyance	12.38	7.14
Sales promotion	1.87	1.19
Other expenses	31.02	0.94
	<b>900.87</b>	<b>801.14</b>

42. Imported and indigenous raw materials, packing material and spare parts consumed

	% of total consumption 31 March 2013	Value 31 March 2013	% of total consumption 31 March 2012	Value 31 March 2012
Raw materials and packing materials		Rs. lacs		Rs. lacs
Imported	2%	225.33	2%	183.99
Indigenous	98%	9,632.12	98%	10,413.76
	<b>100%</b>	<b>9,857.45</b>	<b>100%</b>	<b>10,597.75</b>
Spare parts & Components				
Imported	8%	10.72	6%	6.00
Indigenous	92%	118.09	94%	101.23
	<b>100%</b>	<b>128.81</b>	<b>100%</b>	<b>107.23</b>

43. Net dividend remitted in foreign exchange

	31-Mar-13	31-Mar-12
	1 April 2011 to 31 March 2012	1 April 2010 to 31 March 2011
Year of remittance(ended on)		
Periods to which it relates		
Number of non- resident shareholders	70	103
Number of equity shares held on which dividend was due	186,000	192,200
Amount remitted (in USD)	3,386.13	3,872.06
Amount remitted (in INR)	<b>186,000</b>	<b>192,200</b>

44. Earnings in foreign currency (accrual basis)

	31-Mar-13	31-Mar-12
	Rs. lacs	Rs. lacs
Exports at F.O.B. value	6,285.34	5,994.40
	<b>6,285.34</b>	<b>5,994.40</b>

45. Listing agreement with OTC exchange of India, where shares of the company are listed, requires annual audited results and unaudited quarterly results with limited review reports of statutory auditors to be filed with the exchange in specified timelines. Though the Company has filed its quarterly results to the stock exchange, these were not subjected to limited reviews from the statutory auditors. Further, there is a delay in filing annual audited accounts with the stock exchange. The Exchange also does not have a trading platform since past few years and till date, there is no penal provision initiated against the Company for these non compliances.

46. The Company had during previous years, granted a loan to Unijules Lifescience Limited (a company in which more than 25% of the total voting power was exercised by directors of the Company at the time of granting this loan) without obtaining prior approval from the Central government as required by provision of Companies Act, 1956. This loan balance is settled subsequent to the year end and an application for compounding of this has been filed with the Registrar of Companies.

47. Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.
48. The figures of previous year were audited by a firm of Chartered Accountants other than S.R. Batliboi & Co. LLP.

As per our report of even date

For S.R. Batliboi & Co. LLP  
Firm registration number: 301003E  
Chartered Accountants

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

per Ravi Bansal  
Partner  
Membership no.: 49365

Anwar S. Daud  
Managing Director

Zulfiqar M. Kamal  
Director

Place: Mumbai  
Date: August 21, 2013

Place: Mumbai  
Date: August 21, 2013

R.A. Parasuraman  
Company Secretary

**Zim Laboratories Limited**

**Regd. Office:** Flat No. 104, Vivek Co-operative Housing Society, Pipeline Road,  
Behind Tilak Nagar, Chembur, Mumbai – 400 089

**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-NINTH ANNUAL GENERAL Meeting of the Company to be held on Saturday, the 28<sup>th</sup> September, 2013 at the Registered Office of the Company at Flat No. 104, Vivek Co-operative Housing Society, Pipeline Road, Behind Tilak Nagar, Chembur, Mumbai – 400 089 at 11.30 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:** Flat No. 104, Vivek Co-operative Housing Society, Pipeline Road,  
Behind Tilak Nagar, Chembur, Mumbai – 400 089

**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- NINTH ANNUAL GENERAL MEETING of the Company to be held on Saturday, the 28<sup>th</sup> September, 2013 at the  
Registered Office of the Company at Flat No. 104, Vivek Co-operative Housing Society, Pipeline Road, Behind Tilak Nagar,  
Chembur, Mumbai – 400 089 at 11.30 a.m. and at any adjournment thereof.

Signed this \_\_\_\_ day of \_\_\_\_\_ 2012.

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.

**BOOK - POST**

If undelivered, please return to :

**LINK INTIME**  
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**Unit : ZIM LABORATORIES LIMITED**  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (W), Mumbai - 400 078.