

Ref No. : ZLL/AGM/BSE

Date: 26.08.2022

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

Dear Sir,

Sub: Notice of the 38th Annual General Meeting along with copy of Annual Report for F.Y. 2021-22

Pursuant to Regulations 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the following documents:

1. Notice of the 38th Annual General Meeting (including e-voting instructions)
2. Annual Report for F.Y. 2021-22

The 38th Annual General Meeting of the members of ZIM Laboratories Limited will be held on Monday, 19th September, 2022 at 12.30 p.m. IST through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM"). The Annual Report along with the Notice of the AGM for the F.Y. 2021-22 is also available on the website of the Company at www.zimlab.in

Further, the Register of Members and the Share Transfer Book of the Company will remain closed from Tuesday, 13th September, 2022 till Monday, 19th September, 2022 (both days inclusive) for the purpose of Annual General Meeting.

Please take the above on your record.

Thanking you,

Yours faithfully,
For ZIM LABORATORIES LIMITED


(Piyush Nikhade)
Company Secretary and Compliance Officer



ZIM LABORATORIES LIMITED

www.zimlab.in | info@zimlab.in | CIN : L99999MH1984PLC032172

NOTICE OF THE 38TH ANNUAL GENERAL MEETING



ZIM LABORATORIES LIMITED

Registered Office: Sadoday Gyan (Ground Floor), Opp. NADT,
Nelson Square, Nagpur, Maharashtra - 440013 India.

CIN: L99999MH1984PLCO32172. Website: www.zimlab.in, E-mail - cs@zimlab.in
Telephone No: Registered Office: - 0712-2981960, Works Office: - 07118-271990

To,

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

NOTICE OF THE THIRTY EIGHTH ANNUAL GENERAL MEETING TO BE HELD ON 19TH September, 2022

NOTICE is hereby given that the Thirty Eighth (38th) Annual General Meeting of the Members of ZIM Laboratories Limited will be held on Monday, 19th September, 2022 at 12:30 p.m. (IST) through Video Conferencing (VC) / Other Audio-Visual Means (OAVM) in accordance with the applicable provisions of the Companies Act, 2013 read with relevant MCA Circulars to transact the following business:-

ORDINARY BUSINESS:

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

1. **Consideration and Adoption of Audited Financial Statements of the Company for the F.Y. ended 31st March, 2022 and the report of the Board of Directors and Auditors thereon.**

“RESOLVED THAT the audited Standalone Financial Statements of the Company for the F.Y. ended 31st March, 2022 along with the report of the Board of Directors and Auditors thereon as circulated to the members with the notice of Annual General Meeting be and are hereby considered and adopted.”

“RESOLVED FURTHER THAT the audited Consolidated Financial Statements of the Company for the F.Y. ended 31st March, 2022 along with the report of the Auditors thereon be and is hereby considered and adopted.”

2. **Re-appointment of Director in place of retiring Director:**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of section 152 and other applicable provisions of the Companies Act, 2013, Mr. Prakash Sapkal, Director (Operations) (DIN: 02007385), who retires by rotation and being willing and eligible, and who has offered himself for re-appointment, be and is hereby re-appointed as Whole-time Director of the Company liable to retire by rotation.”

SPECIAL BUSINESS:

3. **Ratification of remuneration payable to M/s Dhananjay V Joshi & Associates, Cost Auditors, for the F.Y. 2022-23.**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of section 148 and other applicable provisions of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of Rs. 4,25,000 /- plus applicable taxes and travelling and out of pocket expenses as per actuals as approved by the Board of Directors on the recommendations of the Audit Committee, payable to M/s Dhananjay V. Joshi & Associates, Cost Auditors (Registration No. 000030) for conducting the Cost Audit of the Company for the F.Y. 2022-23 be and is hereby ratified.”

4. **Approval for payment of remuneration to Independent Directors pursuant to Section II**

Part II of Schedule V of the Companies Act, 2013 :-

To consider and if thought fit, to pass the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 197 read with Section II Part II of Schedule V of the Companies Act, 2013, and Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modifications or reenactments thereof, for the time being in force, consent of the members be and is hereby accorded for the remuneration

payable to the Independent Directors of the Company in the event of loss or inadequacy of profits, if any, in any financial year for a maximum period of three years commencing from F.Y. 2022-23 with liberty to the Board of Directors and the Nomination and Remuneration Committee to alter and vary the remuneration payable provided that the said remuneration is within the limits prescribed under section 197 and Schedule V of the Companies Act, 2013."

By order of the Board of Directors
For ZIM LABOARATORIES LIMITED

Place: Nagpur

Date: 25.08.2022

(Piyush Nikhade)
Company Secretary

Notes:

1. The relevant explanatory statement pursuant to Section 102 of the Companies Act, 2013 (the Act) in respect of the Special business under item no. 3 & 4 of the accompanying Notice is annexed herewith.
2. As required in terms of Secretarial Standard - 2 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the information (including profile and expertise in specific functional areas) pertaining to Directors recommended for appointment / re-appointment in the AGM have been provided in the "Annexure" to the Notice. The Director has furnished the requisite consent / declarations for his appointment/ re-appointment as required under the Companies Act, 2013 and the Rules thereunder.
3. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (MCA) has, vide its Circular nos. 14/2020, 17/2020, 20/2020, , 02/2021, 02/2022 and the Securities and Exchange Board of India (SEBI) vide its Circular nos. SEBI/HO/CFD/CMD1/CIR/ P/2020/79, SEBI/HO/CFD/CMD2/CIR/P/2021/11 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 (hereinafter collectively referred to as "the Circulars") permitted the holding of the Annual General Meeting (AGM) through video conferencing (VC) / other audio visual means (OAVM). Hence, in compliance with the Circulars, the AGM of the Company is being held through VC/ OAVM. The deemed venue for AGM shall be the registered office of the company, i.e Sadoday Gyan (Ground Floor), Opp. NADT, Nelson Square, Nagpur Maharashtra – 440013.
4. Pursuant to the Circulars issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
5. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend the Annual General Meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorization shall be sent to the Scrutinizer at csroshnijethani@gmail.com with a copy marked to evoting@nsdl.co.in.
6. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013.
7. In line with the aforesaid Circulars, the Notice of AGM along with Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that Notice and Annual Report 2021-22 has been uploaded on the website of the Company at www.zimlab.in. The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
8. The Register of members and share transfer books of the Company will remain closed from Tuesday, 13th September, 2022 to Monday, 19th September, 2022 (both days inclusive) for the purpose of AGM.
9. Shareholders seeking any information with regard to accounts are requested to write to the Company at least 05 days before the meeting so as to enable the management to keep the information ready.
10. To support the "Green Initiative", All Members holding shares in physical form are requested to notify/send their email ID and bank account details to the Registrar & Transfer Agent (RTA) of the Company i.e. Link Intime India Private Limited. In addition, members holding shares in the demat form are requested to contact their respective Depository Participant and register their email ID and bank account for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
11. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent

- Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held in electronic form and to the RTA in case the shares are held in physical form.
12. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 01, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Registrars and Transfer Agents (RTA) of the Company i.e. Link Intime India Private Limited, C-101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai 400 083, India for assistance in this regard.
 13. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form may file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the Registrar & Transfer Agent (RTA) of the Company i.e. Link Intime India Private Limited. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.
 14. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts and members holding shares in physical form to the Company/RTA.
 15. Members wishing to claim dividend that remain unclaimed are requested to correspond with Registrar & Transfer Agent as mentioned above or to the Company at its Registered Office. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members/Claimants are requested to claim their dividends from the Company, within the stipulated timeline.
 16. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 17. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice of the 38th Annual General Meeting.
 18. The Members can join the AGM through the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
 19. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
 20. **THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-**
The remote e-voting period begins on Friday, 16th September, 2022 at 9:00 a.m. and ends on Sunday

18th September, 2022, at 5:00 p.m. The remote e-voting module shall be disabled by NSDL for voting thereafter. Members, whose names appear in the Register of Members / Beneficial Owners as on the cut-off date i.e. 12th September, 2022 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 12.09.2022.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:





Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS” Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/ Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your

Type of shareholders	Login Method
	<p>vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p>NSDL Mobile App is available on</p> <p> App Store  Google Play</p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> 1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
<p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cDSLindia.com or contact at 022-23058738 or 022-23058542-43

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digits client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of

- shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
 6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
 7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to csroshnijethani@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to (Name of NSDL Official) at evoting@nsdl.co.in

21. General Guidelines for shareholders

- a) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
- b) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to (Name of NSDL Official) at evoting@nsdl.co.in
- c) Ms. Roshni Jethani, Company Secretary in practice has been appointed as the Scrutinizer to scrutinize

the remote e-voting process as well as the e-voting system on the date of the AGM, in a fair and transparent manner.

- d) The results declared along with the Scrutinizer's Report shall be placed on the website of the Company i.e www.zimlab.in and on the website of NSDL i.e. https://www.evoting.nsdl.com and the results shall also be communicated to the Stock Exchange where the shares of the Company are listed.

22. **Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

- a) In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR

(self-attested scanned copy of Aadhar Card) by email to cs@zimlab.in.

b) In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to cs@zimlab.in If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

c) Alternatively, shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

d) In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

23. THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

24. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders, who would like to express their views or ask questions during the AGM may register themselves as a speaker or send their questions from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at the company's email address cs@zimlab.in on or before 11th September, 2022 by 05.00 p.m. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. Speakers are requested to submit their questions at the time of registration, to enable the Company to respond appropriately.

The Company reserves the right to restrict the number of questions and number of speakers, as

appropriate, to ensure the smooth conduct of the AGM.

6. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in / 1800-222-990 or contact Ms. Pallavi Mhatre and Mr. Amit Vishal at 7506682281 and 9920264780 respectively, officials of NSDL.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business for the Annual General Meeting.

Resolution No. 3 - Ratification of remuneration of Cost Auditor:-

The Board, based on the recommendation of the Audit Committee, approved the appointment of, M/s Dhananjay V. Joshi & Associates, Cost Accountants (Registration No. 000030) as the Cost Auditors for conducting the Cost Audit of the Company for the F.Y. 2022-23 at a remuneration of Rs. 4,25,000 plus applicable taxes and travelling and out of pocket expenses as per actuals.

Pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, remuneration payable to M/s Dhananjay V. Joshi & Associates, Cost Auditors, as stated above, requires ratification by the Members.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 3.

The Board recommends the resolution set forth in Item

No. 3 for the approval of Members as an Ordinary Resolution.

Resolution No. 4 - Approval for payment of remuneration to Independent Directors pursuant to Section II Part II of Schedule V of the Companies Act, 2013:-

As per section 197 of the Companies Act, 2013, if the Company has appointed a Managing Director or Whole Time Director, the maximum remuneration that can be paid to the Directors who are Non-Executive Directors including Independent Directors is 1% of the net profits of the Company. In case of absence or inadequacy of profit, the Company may with the approval of the Board of Director and the Nomination and Remuneration Committee pay remuneration to such Directors in excess of the limit of 1% but upto the limit prescribed under Section II Part II of Schedule V of the Companies Act, 2013 subject to the approval of the members.

The approval of members can be sought for a maximum period of three years at a time and the amount of remuneration can be in excess of the amount prescribed under Section II Part II of Schedule V if, the resolution is passed as a Special Resolution. The approval of members is sought for a period of three years commencing from F.Y. 2022-23. Pursuant to the provisions of the Schedule V of the Companies Act, 2013, the Company has to give the following prescribed particulars in the Explanatory Statement while seeking approval of the shareholders.

I. General Information			
(1)	Nature of industry	:	Pharmaceutical Industry
(2)	Date or expected date of commencement of commercial production.	:	The Company has been incorporated in 1984 and is engaged in pharmaceutical business since its incorporation
(3)	In case of new companies, expected date of Commencement of activities as per project approved by financial institutions appearing in the prospectus.	:	Not Applicable

	(4)	Financial performance based on given indicators.	:	The financial performance of the Company in the F.Y. 2021-22 is as follows: 1) Revenue: Rs. 33,342.68 Lakhs 2) Profit Before Tax: Rs. 2,104.25 Lakhs 3) Profit After Tax: Rs. 1,455.04 Lakhs Note: Based on consolidated financials															
	(5)	Foreign Investments or Collaborations, if any.	:	As on March 31, 2022, the foreign shareholding in the Company is detailed as under: <table border="1"> <thead> <tr> <th>Particulars</th> <th>No. of Shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Foreign Nationals</td> <td>4,31,736</td> <td>2.66</td> </tr> <tr> <td>Non-Resident Indians (Repat)</td> <td>3,90,628</td> <td>2.41</td> </tr> <tr> <td>Non-Resident Indians (Non Repat)</td> <td>32,367</td> <td>0.20</td> </tr> <tr> <td>Total</td> <td>8,54,731</td> <td>5.27</td> </tr> </tbody> </table>	Particulars	No. of Shares	%	Foreign Nationals	4,31,736	2.66	Non-Resident Indians (Repat)	3,90,628	2.41	Non-Resident Indians (Non Repat)	32,367	0.20	Total	8,54,731	5.27
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Non-Resident Indians (Non Repat)	32,367	0.20																	
Total	8,54,731	5.27																	
II.	Other information :																		
	(1)	Reasons for loss or inadequate profits.	:	The information pertaining to said clauses shall be disclosed by the Company if there occurs loss or inadequacy of profits in any financial year.															
	(2)	Steps taken or proposed to be taken for Improvement.	:																
	(3)	Expected increase in productivity and profits in measurable terms	:																
III.	Disclosures in the Board Report :		:	This will be complied with as and when required															

IV.	Information about the appointee :		: Dr. Kamlesh Shende, Independent Director
	(1)	Background details	: Dr. Kamlesh Shende has more than 30 years of experience in the area of Regulatory Affairs in the Pharmaceutical sector. He possesses rich experience in Drug Policy matters enabling him to act as a technical consultant to various pharmaceutical companies. Dr. Shende has worked as Drugs Formulation Expert for the entire State of Maharashtra and was a member of the National Subcommittee on Formulations constituted by Drugs Consultative Committee. Dr. Shende retired as Joint Commissioner (Drugs), Food and Drugs Administration, Mumbai. He holds a master's degree in Pharmacology and a Ph. D (Herbal Medicine) from university of Health Sciences, Nashik.
	(2)	Past remuneration	: NA
	(3)	Recognition or awards.	: -
	(4)	Job profile and his suitability	: Dr. Kamlesh Shende has been appointed as the Independent Director of the Company with effect from 1 st April, 2022 and his role and responsibilities are as per Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Dr. Shende has more than 30 years of experience in the area of Regulatory Affairs in the Pharmaceutical sector, and he possesses rich experience in Drug Policy matters
	(5)	Remuneration	: Rs. 7 Lakhs p.a.
	(6)	Comparative remuneration profile with respect to Industry, size of the company, profile of the position.	: The proposed remuneration being paid to the Independent Director is commensurate with the remuneration being paid by the Companies of comparable size in the industry in which the Company operates.
	(7)	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	: He has no direct or indirect pecuniary relationship with the Company or with managerial personnel.

II.	Information about the appointee :		: Dr. Kakasaheb Mahadik, Independent Director								
	1)	Background details	: Dr. Kakasaheb Mahadik, a senior professional having a rich experience of more than 35 years in Research in pharmaceutical sector including Novel Drug Delivery Systems. He is an active contributor in various Pharma and Research organizations. He was a Member, Executive Council Indian Society for Clinical Pharmacology and Therapeutics as well as the Executive Committee Indian Pharmaceutical Association. He is a member of Indian Pharmaceutical Association, IASTAM and other reputed professional bodies. He has been granted several patents and has published more than 300 Research Papers internationally and nationally. He is recipient of various awards for his contributions in the pharmaceutical research and other social causes. Dr. Mahadik is an M. Pharm and PhD in Pharmaceutical and also holds Ph. D in Law. He has expertise in the field of Pharmaceutical Research, Management and Administration.								
	2)	Past remuneration	: NA								
	3)	Recognition or awards.	: <table border="1" data-bbox="781 1024 1403 1423"> <tr> <td data-bbox="781 1024 857 1108">1)</td> <td data-bbox="857 1024 1403 1108">Prof. G.P. Srivastava Memorial Award 2020 by APTI</td> </tr> <tr> <td data-bbox="781 1108 857 1192">2)</td> <td data-bbox="857 1108 1403 1192">Lifetime Achievement Award, IPA Pune 2020</td> </tr> <tr> <td data-bbox="781 1192 857 1318">3)</td> <td data-bbox="857 1192 1403 1318">Outstanding Services Award 2018 by Society for Ethnopharmacology at Dhaka January, 2018</td> </tr> <tr> <td data-bbox="781 1318 857 1423">4)</td> <td data-bbox="857 1318 1403 1423">Dewang Mehta National Education- Award Best Professor in Pharmacy 26th September 2017</td> </tr> </table>	1)	Prof. G.P. Srivastava Memorial Award 2020 by APTI	2)	Lifetime Achievement Award, IPA Pune 2020	3)	Outstanding Services Award 2018 by Society for Ethnopharmacology at Dhaka January, 2018	4)	Dewang Mehta National Education- Award Best Professor in Pharmacy 26th September 2017
1)	Prof. G.P. Srivastava Memorial Award 2020 by APTI										
2)	Lifetime Achievement Award, IPA Pune 2020										
3)	Outstanding Services Award 2018 by Society for Ethnopharmacology at Dhaka January, 2018										
4)	Dewang Mehta National Education- Award Best Professor in Pharmacy 26th September 2017										
	4)	Job profile and his suitability.	: Dr. Kakasaheb Mahadik has been appointed as the Independent Director of the Company with effect from 1 st April, 2022 and his role and responsibilities are as per Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Dr. Mahadik is a senior professional having a rich experience of more than 35 years in Research in pharmaceutical sector including Novel Drug Delivery Systems and he is an active contributor in various Pharma and Research organizations.								

	5)	Remuneration	:	Rs. 7 Lakhs p.a.
	6)	Comparative remuneration profile with respect to Industry, size of the company, profile of the position (in case of expatriates the relevant details would be with respect to the country of his origin	:	The proposed remuneration being paid to the Independent Director is commensurate with the remuneration being paid by the Companies of comparable size in the industry in which the Company operates.
	7)	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	:	Dr. Mahadik and his spouse holds 800 and 600 equity shares respectively in the Company. He does not have any other direct or indirect pecuniary relationship with the Company or any managerial personnel.

II.	Information about the appointee :		:	Mrs. Kavita Loya, Independent Director
	1)	Background details	:	Mrs. Kavita Loya is a Senior Practicing Chartered Accountant with 20 years of experience. She is presently a Partner in Loya Bagri & Company, Chartered Accountants. She was chairperson of Nagpur Branch of ICAI. She was a Member of Capacity Building Committee and Women's Empowerment Committee of the Western Region of ICAI, Mumbai & Nagpur. She is presently a core group member of the Bombay Chartered Accountants Society. She is on the Board as an Independent Director since the year 2017. She has an expertise in Audit, Taxation and other financial matters.
	2)	Past remuneration	:	Rs. 6 Lakhs p.a.
	3)	Recognition or awards	:	-

	4)	Job profile and her suitability.	:	Mrs. Kavita Loya has been reappointed as the Independent Director of the Company with effect from 21 st September, 2022 and her role and responsibilities are as per Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mrs. Loya is a Senior Practicing Chartered Accountant with 20 years of experience. She is presently a Partner in Loya Bagri & Company, Chartered Accountants. She has an expertise in Audit, Taxation and other financial matters.
	5)	Remuneration	:	Rs. 9 Lakhs p.a.
	6)	Comparative remuneration profile with respect to Industry, size of the company, profile of the position (in case of expatriates the relevant details would be with respect to the country of his origin	:	The proposed remuneration being paid to the Independent Director is commensurate with the remuneration being paid by the Companies of comparable size in the industry in which the Company operates.
	7)	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial	:	Mrs. Loya jointly holds 1200 equity shares of the Company with her spouse.

II.	Information about the appointee :	:	Mr. Padmakar Joshi, Independent Director
1)	Background details	:	Mr. Padmakar Joshi is a senior banking professional with more than 37 years of rich and multi-functional experience in areas of commercial banking. He is on the Board as an Independent Director since September, 2017. He retired as Dy. Head- Corporate & SME Credit Monitoring and Debt Restructuring, Union Bank of India.
2)	Past remuneration	:	Rs. 1 Lakh p.a.
3)	Recognition or awards.	:	NIL
4)	Job profile and his suitability.	:	Mr. Padmakar Joshi has been reappointed as the Independent Director of the Company with effect from 21 st September, 2022 and his role and responsibilities are as per Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. Padmakar Joshi is a senior banking professional with more than 37 years of rich and multi-functional experience in areas of commercial banking.
5)	Remuneration	:	Rs. 7 Lakhs p.a.
6)	Comparative remuneration profile with respect to Industry, size of the company, profile of the position (in case of expatriates the relevant details would be with respect to the country of his origin	:	The proposed remuneration being paid to the Independent Director is commensurate with the remuneration being paid by the Companies of comparable size in the industry in which the Company operates.

	7)	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	:	He does not have any direct or indirect pecuniary relationship with the Company or any managerial personnel.
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Dr. Kamlesh Shende, Dr. Kakasaheb Mahadik, Mrs. Kavita Loya and Mr. Padmakar Joshi, are interested in the resolution.

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

The Board of Directors of the Company recommend the resolution for the approval of the Members of the Company by way of Special Resolution.

By Order of the Board of Directors
For ZIM LABORATORIES LIMITED

Place : Nagpur

Date : 25.08.2022

(Piyush Nikhade)
Company Secretary

ANNEXURE

Details of Director retiring by rotation at the 38th Annual General Meeting pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards - 2 issued by Institute of Company Secretaries of India

Particulars:	Profile of the Director
Name of Director	Mr. Prakash Sapkal
DIN	02007385
Date of Birth	18 th February, 1968
Age	54 years
Date of Appointment	22 nd November, 2013
Qualifications	B. Pharm, MBA
Experience and Expertise in Specific Functional Areas	Mr. Prakash Sapkal is a Pharmacy graduate with post-graduation in Business Administration. He is associated with the Company for 26 years starting his career as Assistant Chemist. During all these years he has handled key operations in various capacities like Production Supervisor, Production Manager, and Vice President – Operations. His major contribution has been in assembling a team that has brought the vision of ZIM Labs to life. Always passionate about meaningful change, Mr. Sapkal believes prioritizing people and customers, and streamlining processes.
Remuneration last drawn (including sitting fees, if any)	Details are mentioned in the Corporate Governance Report which is an Annexure to the Board Report.
Number of Meeting of the Board attended during the Financial Year (2021-2022)	10
Names of other Companies in which the Director holds Directorship as on 31 st March, 2022	01
Names of Committees of other listed Companies in which the Director holds Chairmanship / Membership as on 31 st March, 2022	01
Shareholding in the Company as on 31 st March, 2022	1,25,600
Relationships between Directors, Key Managerial Personnel and Managers of the Company	NIL



Delivering Product Differentiation

for patient convenience and healthier lives

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Scan QR code or click the link below to visit our website



Delivering Product Differentiation For patient convenience and healthier lives

Our differentiated products which leverage innovative process technologies, help improve convenience for patients in a fast-paced lifestyle. Affordability and access to drugs are an important priority for us. FY22 saw an attractive growth in our core revenue on the back of our sustained efforts to grow the business of higher margin value-added products.

To strengthen differentiation and gain market share, we proactively invested in R&D infrastructure and product development. We have set up separate laboratories and teams dedicated for mainstream R&D and for Oral Thin Film divisions with each division responsible for developing its own distinct sets of products including studies and filings.

Putting our Zeal for Excellence and Spirit of Innovation in Developing our Medicines...

Solutions that make everyday lives of patients easier.



About Us

A research-driven pharmaceutical company, ZIM Laboratories Limited (ZIM labs) provides technology-based drug delivery solutions.

Established in 1989, we are engaged in developing, manufacturing and supply of differentiated generic products in oral solid dosages alongside offering pre-formulation intermediates (PFI) and finished formulations (FF) for certain key therapeutic segments across rest of the world (RoW) markets. We are now focused on expanding our offerings

across two verticals - pharmaceuticals and nutraceuticals, to customers across the globe.

Our state-of-the-art manufacturing facility coupled with our in-house research and development capability empowers us to offer a comprehensive range of solutions to customers. We offer a range of

non-infringing drug delivery solutions based on process technologies that allow us to improve patient compliance thereby reducing the cost of treatment. Our differentiation and value proposition is in our ability to develop and supply combination generic products using various drug delivery techniques and release patterns in the oral solid dosage form.

Our Vision

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

Our Values

Zeal

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

Innovation

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

Partnership

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

Performance

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

Integrity

Be fair, honest, transparent and ethical in our conduct

Teamwork

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

Care for Environment

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

Focus verticals



Pharmaceuticals

Offerings

PFI business

We partner with pharmaceutical and nutraceutical distribution companies who seek solutions for development, sourcing and marketing of differentiated generic products



Nutraceuticals

FF business

We register our products in select markets with plans to enter into marketing tie up with local distributors and marketing companies for launch of our FF products as branded generics

Oral Thin Film (OTF) business

Part of FF business, it has been growing steadily over the years on the back of some high value pharmaceutical products and has recently ventured into Nutraceutical products

Key facts for FY 2022

₹3,334 Mn

Total Operating Income

₹454 Mn

EBIDTA

₹146 Mn

PAT

₹1,757 Mn

Net worth

7.1%

of Total Operating Income spent on R&D

Pharmaceuticals

During FY22, our Pharmaceuticals business was ₹ 2,890 Mn – or 87% of Total Operating Income

The pharmaceutical business top-line grew 5% YoY and 7.7% CAGR over last 2 years (FY20- FY22)

4 key therapeutic segments of Antibiotic / Antiinfective, Respiratory, Gastrointestinal and Analgesic/ NSAID contribute to over 71% of the pharmaceuticals business (was 60% in FY20)

Our top 4 therapeutic segments grew 22.8% YoY and 16.9% CAGR over last 2 years (FY20-FY22)

79% of the pharmaceutical business was in exports while the balance 21% products was in domestic.

Nutraceuticals

During FY22, our Nutraceutical business comprising of Vitamins, Healthcare and Dietary Supplements was ₹ 445Mn – or around 13% of the Total Operating Income

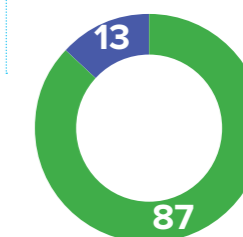
The Nutraceutical business top-line grew 34% YoY and 24.7% CAGR over last 2 years (FY20-FY22) , albeit from a smaller base

97% of the Nutraceuticals business was from exports, while the balance 3% was domestic

The domestic business include our range of OTF products and other Nutraceuticals sold directly under

our ZIMUNAT® brand or through our partners (ecommerce / through traditional channels)

Pharma/Nutra mix (%)



● Pharmaceuticals ● Nutraceuticals

Evolution Down the Decades

A story of resilience and the Zeal to adapt, change and succeed



1989-2000

Cemented our positioning in the market as a fast growing company capable of supplying pharmaceutical products to Government organizations through tenders from our WHO-GMP approved plants



2012-2017

- Funding from Private Equity Investor
- Focused on growth through higher-margin businesses
- Reduced deemed exports and low-margin government business
- Invested and upgraded manufacturing facilities to EU-GMP standards. Invested adequately in team building and strengthening processes
- Invested in building a separate WHO-GMP approved OTF facility and Commercialized OTF products
- Entered into newer geographies like South East Asia, LATAM, CIS and Africa; increased market share in Sri Lanka, South Asia and MENA
- Focused on building a steady pipeline of new products, increased dossier filings and own product registrations

2001-2012

- Developed Pellets, Granules and Taste Masking Technology Platforms to expand its offerings towards building differentiated generic and higher margin products
- Expanded international presence in countries of Middle East and North Africa (MENA)
- Established 'Proof-of-Concept' for Oral Thin Films and Nano-technology



2018-Present

- Focus on expansion of business by penetrating new geographies, increasing customers and building new product pipeline
- Growing our generic finished formulations business – through registration, marketing partnerships and regular launch of products in MENA, SE Asia, Latin America and CIS countries
- Launched Thinoral® (Patented Oral Thin Film technology) (prescription and OTC products) as an alternate drug delivery platform across RoW/ Pharmerging Markets and EU
- Strengthened our R&D team to develop a pipeline of innovative combination generic products for the Pharmerging and select Developed Markets.
- Focus on new products, registrations, building the marketing team
- The Company listed its shares on BSE Limited.



Business Overview

Inputs



Financial Capital

- Equity Capital: ₹ 162 Mn
- Debt fund: ₹ 512 Mn



Manufactured Capital

- CAPEX: ₹158 Mn in FY22
- Manufacturing Facilities: 3



Human Capital

- Employees: 505 as on FY22
- Implementation of **safety process** across the facilities
- Building an **inclusive** work environment



Intellectual Capital

- R&D Expenditure: ₹ 237 Mn
- Total operating income spent on R&D: 7.1%
- Products ready for refiling: 18

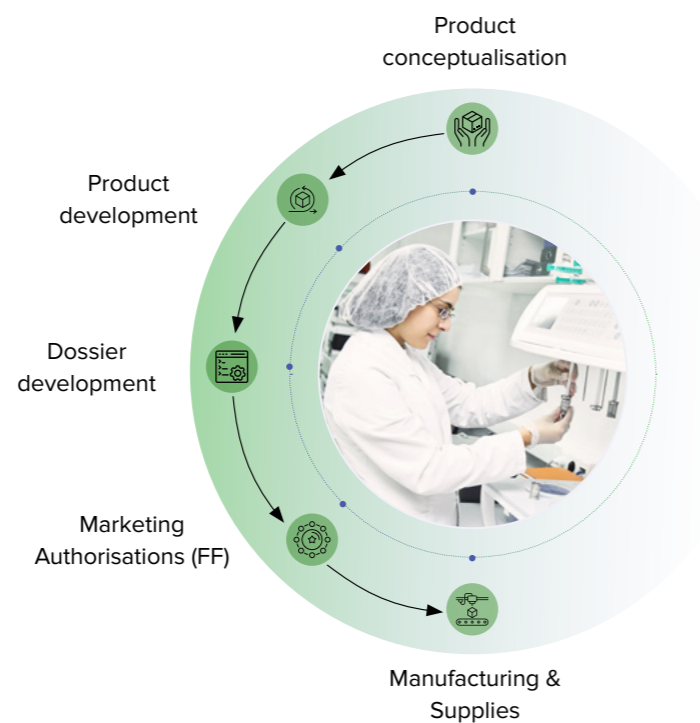
Operating Structure

Subsidiaries



- SIA ZIM Laboratories Limited, Latvia 100% Subsidiary**
 - For Registration of products and marketing efforts in the EU.
- ZIM Laboratories FZE, Sharjah, UAE 100% Subsidiary**
 - For Business Development and Marketing in MENA and Africa Region.
- ZIM Health Technologies Limited, India 100% Subsidiary**
 - For Advisory and Support Services to ZIM on overall R&D and Product Development for the Pharming and Developed Markets.
- ZIM Thinorals Private Limited, India 100% Subsidiary**
 - Created for OTF Business.

Process



Growth strategy

Pharmaceuticals

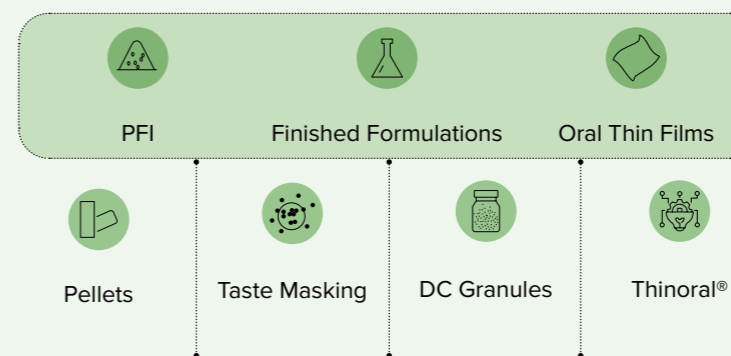
- Scaling up product portfolio
- Increasing registration of products
- Strengthen marketing team
- Invest in plant and machinery

Nutraceuticals

- Develop new product basket
- Use differentiated active ingredients
- Invest in plant and machinery
- Enhance marketing efforts

Product Presentations

Offerings



Therapy Segments



Manufacturing Facility Certifications

Our manufacturing facilities are certified under EU-GMP, WHO-GMP & ISO 9001 standards.

Outcomes

- Total Operating Income: ₹ 3,334 Mn
- PAT: ₹ 146 Mn
- Export revenue: ₹ 2,701 Mn

- Increased **capacity utilisation**
- Increased **OTF manufacturing capacity**

- Stringent safety protocols** across operations
- Engaging work** culture
- Striving to **improve diversity** at workplace

- Total FF products registered with **MA 270**
- Number of Patents: **7**
- Total Branded Formulation Generics registered under ZIM: **154**

Oral Thin Films (OTF) Thinoral® Technology

The global OTF market is estimated at 2.55BN USD ('19) and estimated to grow at CAGR 9% to over 6.5BN USD by 2030, with growth projected in some Therapeutic segments. We have developed several OTF products using our patented Thinoral® technology in these segments.

ZIM's R&D team has developed Oral Thin Films (OTF) which are manufactured using the company's in house Patented Thinoral® technology. This technology enables the Company to manufacture pharmaceuticals and nutraceuticals on Orodispersible, Sublingual and Buccal thin film technologies. Oral Thin Films are instantaneously wetttable, quick-dissolving, non-sticky, non-tacky, and non-curving, with drug loading capacities of up to 100 mg of active medication. This thin-film manufacturing method has been upgraded in exceptional circumstances for the delivery of liquid actives, broadening the range of applications for the Thinoral® technology platform.

Oral Thin Films (OTF) disintegrate virtually instantaneously when put on the tongue. Unlike tablets and capsules, these thin films do not require water for administration and, unlike liquids, may easily be carried in pockets, purses, and wallets. These films have an excellent palatability and are taste masked. Thin films can also assure dosage homogeneity.

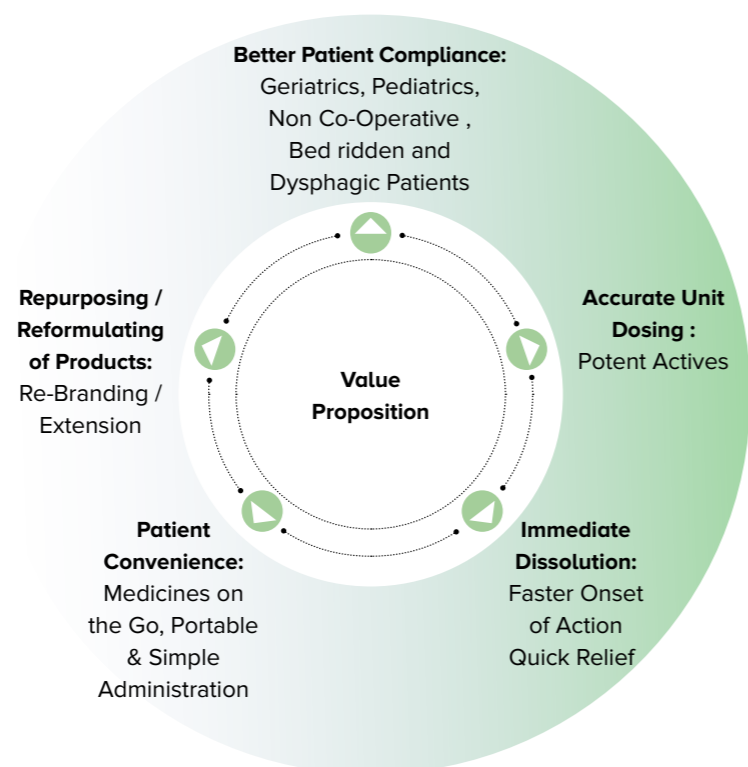
We have 7 patents granted and 14 under examination in OTF. The R&D team is also developing Buccal Strips which carry good potential for certain products and working on new technologies for delivering large molecules and highly potent drugs via OTF.

During FY 22, we received Marketing Authorisation (MA) for EU market – Rizatriptan Benzoate. Several other products - Melatonin, Ondansetron, Vitamin D3, Methyl cobalamin, Levocetirizine, Sildenafil, Tadalafil etc. in various strengths have also received approvals and been commercialized across ROW. Our OTF plant is EU-GMP accredited and scalable for business across markets.

Nutraceutical Supplement products have also been developed using the

OTF platform and these products are being presently marketed through eCommerce / OTC platforms. Some of these products are likely to be filed for OTC registration in USA, EU and across developed markets.

Various OTF products of the Company's nutraceutical business have also been sourced by leading Online/E-commerce Healthcare Brands for distribution through their E-commerce and Online channels.



ZIM's Brands under Oral Thin Films

Some Pharmaceuticals under ZIM's Brand



ZIMFIL- ODS 10



ZIMAGRA-ODS



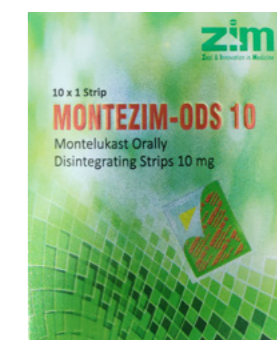
VOMIBAR ODS 4



VANCAS ODS 10



FINEVIT D3



MONTEZIM-ODS 10

Some Nutraceuticals under ZimUNat Brand



MELATONIN



METHYLCOBALAMIN

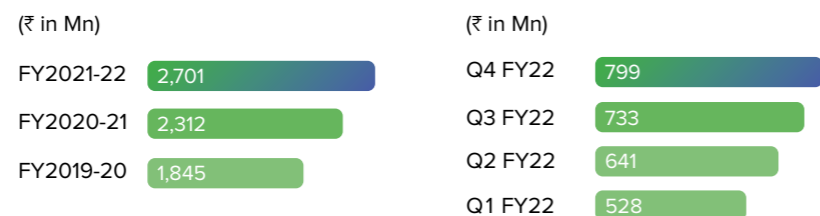


LACTIC ACID BACILLUS

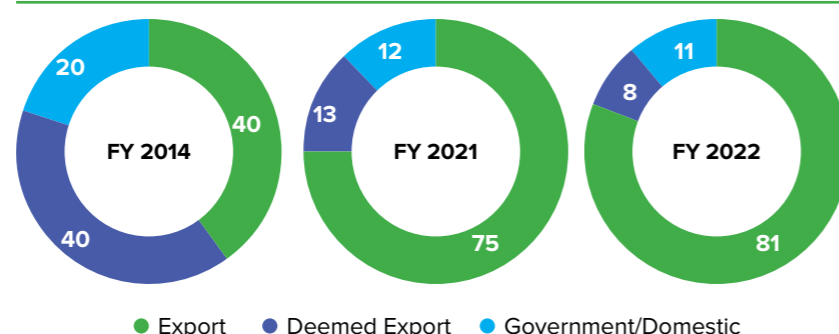
Business-wise Performance Break-up

Export Business:

- Our exports business in FY22 was Rs2,701Mn, up 17% from Rs.2312 Mn for FY21 and CAGR of 21% over the last 2 years (FY20-FY22)
- Mix of exports is now 81% of our Total Operating Income (up from 66% in FY20 and 75% in FY21)
- Key regions for exports during the year were MENA, SE Asia, Europe and Africa.

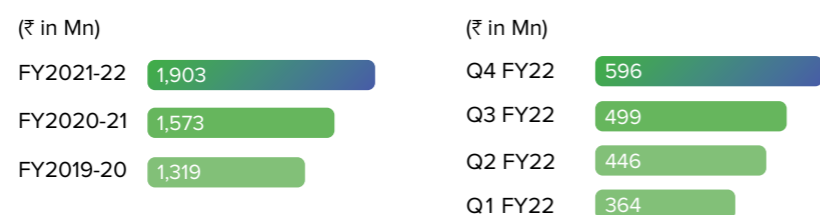


Business Mix (%)



PFI Exports

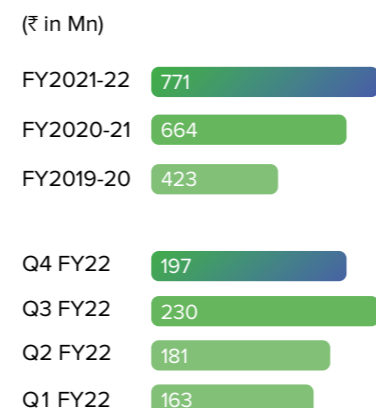
- Our Pre-Formulation intermediates (PFI) business grew 21% in FY22 vs FY21 and has grown @ 20% CAGR over the last 2 years (FY20-FY22)
- Exports of PFI comprise of 57% of our Total Operating Income
- The PFI exports are on a non-exclusive basis and the arrangements for PFI exports are based on deep-rooted, long-term relationship with our partners
- Key regions for PFI business are Asia, Europe and MENA



Finished Formulation (FF) Exports:

- Our Finished Formulations Exports business has grown at 16% YoY and at a CAGR of 35% over the last 2 years (FY20-FY22)
- Exports of FF comprise of 23% of our Total Operating Income

- Within Finished Formulations, we have 154 products commercialized in our own brand with sales of Rs. 436Mn in FY22
- Key markets for FF Exports are Africa and MENA



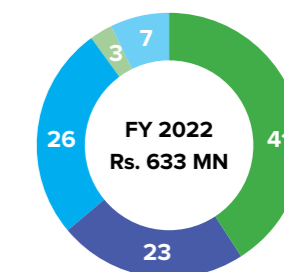
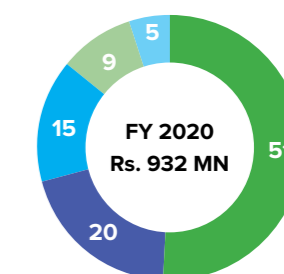
Domestic Business:

- For FY22, our domestic business was Rs633Mn and comprised 19% of our Total Operating Income.
- The domestic business includes sale to Central/ State Government, agencies owned by the Government and sale through deemed exports (products billed in India for export by 3rd parties).
- The Government business is mainly in pharmaceutical products under

the "Jan Aushadhi and CGHS" scheme to ESIC, Railways etc. and comprise of our differentiated and high margin generic products that provide certain threshold net contribution % to meet risks in fluctuating raw material prices and payment delays.

- 9% of the domestic business comprises of sales of Oral Thin Films and Nutraceutical supplements.

Business Mix (%)



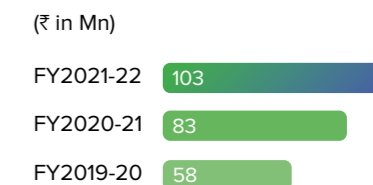
- Deemed Export
- Others
- Jan Aushadhi & CGHS-ESIC & Railways
- State Government
- ODS

Oral Thin Films (OTF):

- During FY 22, we received Marketing Authorisation (MA) for EU market - Rizatriptan Benzoate. Several other products - Melatonin, Ondansetron, Vitamin D3, Methyl cobalamin, Levocetirizine, Sildenafil, Tadalafil etc. in various strengths have also received approvals and been commercialized across ROW.

- Our OTF plant is EU-GMP accredited and scalable for business across markets.
- Nutraceutical Supplement products have also been developed using the OTF platform and these products are being presently marketed through eCommerce / OTC platforms. Some of these

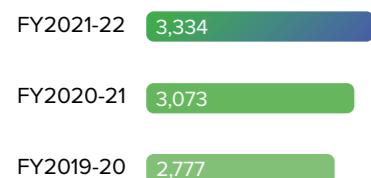
products are likely to be filed for OTC registration in USA, EU and across developed markets.



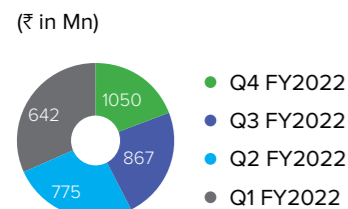
Key Performance Indicators (Financial and Business)

Profit and Loss

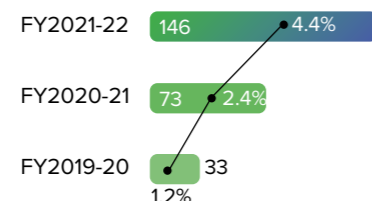
Total Operating Income (₹ in Mn)



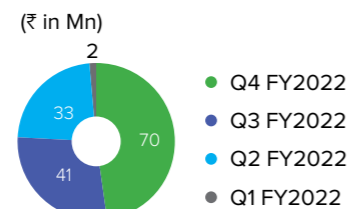
8.5% Y-O-Y



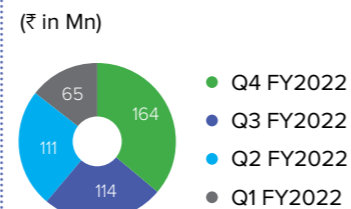
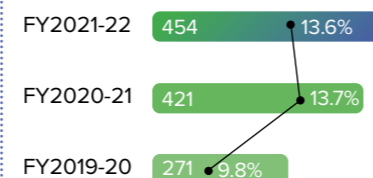
PAT (₹ in Mn) PAT as % of Total Operating Income



100% Y-O-Y

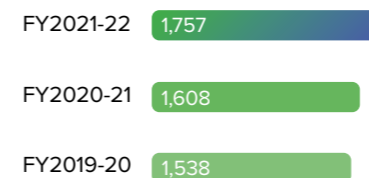


EBITDA (₹ in Mn) EBITDA as % of Total Operating Income

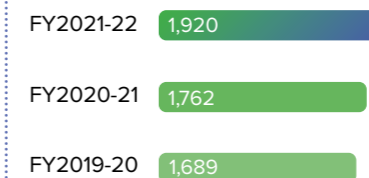


Balance Sheet

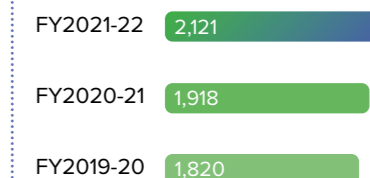
Net Worth (₹ in Mn)



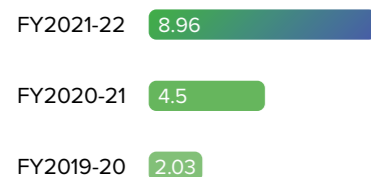
Gross Block (₹ in Mn)



Current Assets (₹ in Mn)

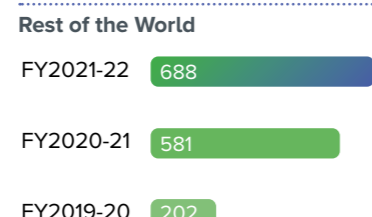
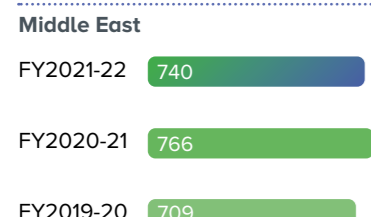
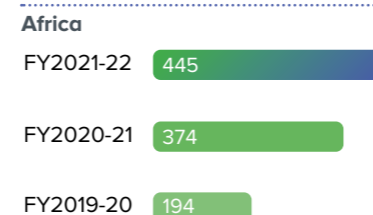
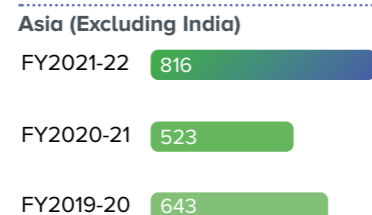
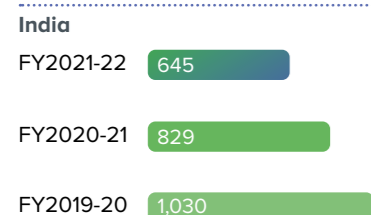


EPS (₹)

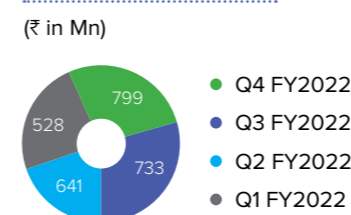
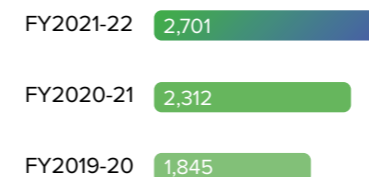


99% Y-O-Y

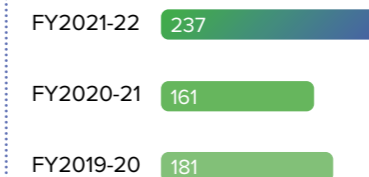
Region-wise revenue breakup (₹ in Mn)



Export (₹ in Mn)



Total R&D Expenses (₹ in Mn)



Message from Corner Office



Dear Shareholders,

I take great pleasure in presenting the annual report for the Financial Year 2022 (FY22). Hope that this finds you safe and in good health.

When the current financial year began, none of us expected that we would be confronted by a new and deadlier variant of Covid-19 in the first quarter, putting into greater stress the global supply chains and logistics and impacting business operations across industries.

As usual, it was the resilience and grit of our team that helped us overcome these challenges. It is an immense privilege to work with a team which has the passion and innovative spirit to overcome various obstacles faced in these extraordinary times to ensure our continued success.

We continue to make positive strides in operational excellence and process improvement to reduce costs while improving quality. We also progressed on developing and expanding our portfolio of specialty generics coming-off patent, in the near future, thus preparing products for submission in various markets.

I am happy to inform you that during the year, the Total Operating Income of your Company grew by 8.5% to ₹ 3,334 Mn while Profit After Tax grew 100% to ₹ 146 Million from ₹ 73 Million in the previous year.

Of the Total Operating Income, the pharmaceutical business comprised 87%, while the Nutraceutical division, which comprises of Vitamins, Healthcare and Dietary Supplements, contributed Rs 445Mn or 13%.

As you are aware, over the years, we have been focusing on growing our business mix towards exports and during this fiscal year the composition of Exports in our Total Operating Income grew to 81%, up from 75% in the previous year. Both our Pre-Formulation Intermediates business and our Finished Formulation business witnessed healthy growth during the year.

During the third quarter of the fiscal year 2022, our oral thin film product Rizatriptan Benzoate was registered and cleared for marketing in the European Union market. This was the first product from ZIM's portfolio to get MA in EU and we believe it will provide confidence to our team for applying for many innovative products in the future. Several pharmaceutical companies have enabled us to engage in co-development of multiple oral thin film products, both in the pharmaceutical and in the nutraceutical segments, to be launched in the Developed and Pharmerring markets in the coming years.

We also worked on strengthening our R&D Infrastructure, streamlining our manufacturing processes, upgrading our machinery, broadening our supply chain, development of new products and filing for registration across markets. The total investment in R&D related costs was maintained at 7.1 % of total operating income for FY22.

To Support overall R&D initiatives and focus on the development of innovative combination generic products – particularly for the Developed and Pharmerring markets, we have created Zim Health Technologies Ltd., a 100% subsidiary of your company. This initiative is being led by an experienced and qualified team of scientists with global expertise.

Capitalising on Growth of Indian Pharma

Being the largest provider of generic medications, India is rightly called the pharmacy of the world. Our company continues to diligently put effort and investment into our Research and development to create value added generics with differentiated and patient friendly drug delivery solutions.

Future Growth Initiatives

Our primary focus is to develop innovative and differentiated generic pharmaceutical pre-formulation intermediates and finished formulations while staying true to our vision and mission. We are pivoting towards specific therapy areas while maintaining our focus on technology platform innovation and process optimisation. This year, our efforts will also be on registration and marketing arrangements for the products developed.

We are in initial stages of developing a range of nutraceutical supplements to complement our existing pharmaceutical product lines. We intend this new product range to be

“
Our primary focus is to develop innovative and differentiated generic pharmaceutical pre-formulation intermediates and finished formulations while staying true to our vision and mission.”

available through various channels including online. This will enable us to approach patient care holistically and further our mission of providing unique health care solutions.

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

Best Wishes,

Anwar Daud
Chairman & Managing Director

Review by CFO



Dear Shareholders,

Amid a challenging global environment, I am pleased to inform you that we continued to make steadfast progress on delivery of our strategy – new product development, expanding our reach, strengthen our capabilities and delivering healthy results.

We have been able to achieve this on the back of our commitment to improve our performance, prioritising innovation and R&D productivity, and ensuring optimum fund utilisation. These drives have also enabled us to remain strong amid uncertainties, and remain well-g geared to capitalise on growing opportunities.

Financial highlights

Despite the hurdles posed by COVID-19, our Total Operating Income increased by 8.5% YoY to Rs. 3,334 Million in FY22, up from Rs. 3,073 Million in FY21. During the year under review, our EBITDA grew from Rs. 421 million in previous year to Rs. 454 million, registering a growth of 8% YoY. Our PAT grew by 100% YoY from Rs. 73 million in FY21 to Rs. 146 million in FY22. During the year under review, we continued to focus on producing novel and differentiated generic pharmaceutical formulations and pre-formulation intermediates for developed markets. Export has been

one of the important contributors to the overall revenue of the company with export income contributing 81% to the total revenue in FY22 as compared to 75% in FY21. On the balance sheet front, we were able to reduce our overall borrowing by Rs. 299 million, ensuring we maintain a strong gearing ratio of 29% as on 31st March 2022. Moreover, our average cost of borrowing reduced to 12.6% for the year, as compared to 15.2% in FY20.

Creating long-term sustainable value

We believe, the greatest contribution we make is to improve the health of people around the world. Directly and indirectly, we strive to create a positive impact on the health of thousands of people every day through our innovative drugs. In order to achieve the same, we continue to focus on R&D activities. During the year under review, we invested 7.1% of the total operating income in R&D

Our continued emphasis on R&D has resulted in development of several new products in the past three years and 10 products are in pipeline across various stages including a few in BE and clinical study stages. These products will be considered for registration across markets once trials are successfully completed. In FY22, we entered the EU market for the first time with our OTF product - Rizatriptan Benzoate, and are planning to enter other regulated markets with strategic partnerships. In line with increasing awareness of health and wellness, we grew ZimUNat - a nutraceutical products brand that caters to the health and wellness space with natural and effective healthcare supplements. The supplements are produced with patented innovative and disruptive pharmaceutical technologies.

We believe, central to our success are our people - experts in science, technology, manufacturing, legal, intellectual property and commercialisation. We strive to be an employer of choice, developing our people and offering a broad range of benefits that help us attract and retain the best talent.

Outlook

As we enter the fiscal year 2023, we remain optimistic about the future that lies ahead of us. We believe, in the global pharmaceutical market, emerging markets will have a more significant role to play. Though developed countries will be ahead of the time, however, reliance on countries like India for research and drug production will grow significantly in the years to come.

The strategic investment in domain expertise, R&D and market penetration has helped us to strengthen our financial performance despite the challenges. Looking ahead, I am convinced that our well-defined company strategy will position us as a valuable partner for our stakeholders as the world continues to recover from the pandemic. Before I conclude, I want to thank all of our shareholders for their patience and support throughout one of the most challenging years. We shall continue to work diligently and strategically to create long-term value and fulfil our promise to provide affordable high-quality medical solutions.

Best wishes,
Shyam Mohan Patro
Chief Financial Officer



On the balance sheet front, we were able to reduce our overall borrowing by Rs. 299 million, ensuring we maintain a strong gearing ratio of 29% as on 31st March 2022. Moreover, our average cost of borrowing reduced to 12.6% for the year, as compared to 15.2% in FY20.

Value Proposition and R&D Capabilities

Being a research-driven company, we strive to develop innovative solutions that cater to the evolving needs of the markets in which we operate. We believe the rapid convergence of science and technology in pharmaceutical market provides significant opportunity for us.

ZIM Innovation

ZIM has an independent R&D centre recognized by the DSIR, Govt. of India, and has developed several differentiated generics based on innovative process technologies. Our in-house R&D centre comprises of experts in development of pharmaceuticals and nutraceutical supplements. We have enhanced our R&D capabilities through our investment in a very experienced team in Zim Health Technologies Ltd (ZHTL - 100% subsidiary).

What makes our R&D unique

Independent R&D team and QA/QC facilities formed business verticals – Pharmaceutical, Oral Thin Films and Nutraceutical. Each division responsible for developing their own distinct sets of products including studies and fillings

Analytical methods conducted for drug development and research

Key therapeutic areas identified

Seamless product development framework in place (lab scale to pilot scale to commercialisation)



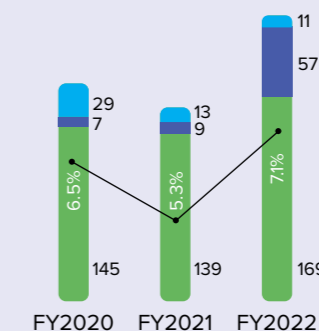
Key highlights

We continue to innovate on differentiated generics and complex dosage forms based on innovative process technologies.

- **270** Finished Formulation products (80 molecules), registered in our name with Marketing Authorizations
- **154** finished formulation products commercialized under our own brand
- **9** patents have been granted and 42 are under examination
- R&D expenditure comprised **7.1%** of total operating income
- **~70%** of R&D expenditure incurred on salary, material, BE and other study

R&D expenses

(In ₹ Mn and as % of Total Operating Income)



- Capital Expenses on BE-Study
- Capital Expenses on Infrastructure & Equipment
- R&D Expenses in P&L (Employee, Material, BE-Study etc.)
- %Total R&D Expenses to Total Operating Income

Outlook

R&D team has completed the development and most of the BE studies for 6 new unique combination generic products with substantial global market potential. Of these 2 products are targeted for filing in Q2 F23 and 4 are targeted for filing in Q3 F23 in EU and other Developed Markets. In addition 4 products are also in advanced development and targeted for filing in EU in Q4 FY23. 18 products are also developed and ready for refiling of Dossiers for the ROW markets; some of these products may get filed for registration in developed markets after further BE studies.

80

R&D team size

18

Products developed and ready for refiling of Dossiers for RoW markets

~70%

of R&D expenditure incurred on salary, material, BE and other study

Growth Strategy and Focus: FY 23

Growth Strategy



Pharmaceuticals

- Scaling up our product portfolio with development of new differentiated generic products targeted for EU and some of the high value Developed Markets.
- Increasing the registration of our products on back of new Dossiers / BE studies across markets.
- Strengthening our marketing team for scaling up our business in some key markets of LATAM, SE Asia, CIS and MENA countries.
- Investment in latest plant and equipment, including the possibility of a new manufacturing facility at the appropriate time.
- Leverage OTF technology for developing and capitalize on our pipeline of Over the Counter (OTC) products in regulated markets.



Nutraceuticals

- Developing a product basket of Nutraceuticals which complement our pharmaceutical products thus providing a holistic approach to patient health.
- Working with differentiated generic active ingredients which are sourced naturally and chemically to create higher efficacy products and product differentiation.
- Investment in a new manufacturing facility to cater to the growing needs of this segment.
- Enhancing marketing efforts in B2B and B2C / E-commerce space by partnering with healthcare brands in the domestic and global markets for supply of unique products under white label or through our own brands.



FOCUS : FY2023

We will continue to focus on the development of innovative, differentiated, generic products across various dosage forms for Pharmaceuticals and Nutraceuticals:



Unique Value Proposition

Amid continuing evolution in the pharma industry, we continue to identify business opportunities more flexibly and efficiently in order to achieve long-term sustainability. Our strategic viewpoints are influenced by new technologies and holistic treatment approaches, product development needs, new possibilities for commercialization, evolving market trends and changes in pharmaceutical laws and regulations. In keeping with our vision of providing affordable yet quality healthcare through drug delivery solutions, we continuously strive to identify unique and novel solutions to solve patients' needs.



Increased focus on Oral Thin Films

Being a pioneer and leader in the Oral Thin Film (OTF) drug delivery solution, we are revolutionising the process of drug delivery. The unique platform provides prospects for repurposing and realigning generics to create added value for patients. During the year under review, we entered the EU market with our first product as we received registration and marketing authorisation for 'Rizatriptan Benzoate' oral thin films. Multiple OTF products are under co-development with multi-national companies for registration and launch in regulated markets.

Strong market presence

Apart from our plans to enter the regulated markets, we are also expanding our finished formulation specifically in nutraceuticals business across several countries in MENA, SEA, CIS, Francophone and LATAM regions. We are entering these markets through joint ventures, partnerships, market authorizations and out-licensing.

36%

Share of total operating income from MENA in FY22

Prudent business mix

We are balancing our business growth by scaling up investments and product portfolio across both our pharmaceutical and nutraceutical businesses. Today, 4 key therapeutic segments of Antibiotic / Anti-infective, Respiratory, Gastrointestinal and Analgesic/ NSAID contribute to over 71% of the pharmaceuticals business. Similarly, nutraceutical business aggressively grew by 34% in topline YoY, with 97% of revenue coming

from exports. Going forward with more dossier filings and product registrations, we are confident of scaling business growth across both our business verticals.

State-of-the-art manufacturing facilities

We have three manufacturing units situated in Nagpur, which include the general facility, OTF facility and cephalosporin. We leverage our manufacturing facilities to develop and deliver industry-leading quality products at cost-effective price that enables us to retain our competitiveness in the global market. Moreover, our production practices are aligned with the international standards and are accredited under EU-GMP, WHO-GMP and ISO 9001 standards.

3

Manufacturing facilities

Domain expertise

We leverage our multi-decade knowledge and experience in the pharmaceutical industry to optimise the process and deliver quality products to customers. We have diversified and built strategic relationships with partners to share expertise and foray into new markets. Our leadership team with its diverse and rich experience and committed team is integral to our success in this evolving industry.

Technology-led

We are using data analytics and past learnings to help in repurposing and repositioning of generic drugs thus finding out better use case scenarios. Our R&D team leverages modern-day technology to make available differentiated, novel dosage forms for patients.

Profile of Board of Directors



01 Dr. Anwar S. Daud
Chairman and Managing Director



02 Mr. Zulfiqar Kamal
Director - Finance



03 Mr. Niraj Dhadiwal
Director - Business Development



04 Mr. Prakash Sapkal
Director - Operations



05 Mrs. Kavita Loya
Independent Director
Chairperson : Audit and Risk Management Committee



06 Mr. Padmakar S. Joshi
Independent Director
Chairman: Nomination and Remuneration Committee



07 Dr. Kamlesh Shende
Independent Director
Chairman: Stakeholders Relationship Committee



08 Dr. Kakasaheb Mahadik
Independent Director
Chairman: Corporate Social Responsibility Committee

01 Dr. Anwar S. Daud

Dr. Anwar Siraj Daud is an M. Pharm and PhD in pharmaceutical chemistry and pharmaceuticals respectively. He began his professional journey in 1981 and is the promoter of ZIM Laboratories Limited (ZIM).

Dr. Anwar. Daud has been responsible for the overall growth of ZIM into an R&D based pharmaceutical manufacturing company that supplies medicines to more than 50 countries worldwide adhering to the strictest standards of quality. His keen interest in research and innovation has led ZIM to develop several innovative process technologies for manufacturing novel delivery systems and differentiated products. He is associated with several professional bodies and continuously works for raising the standards of the pharmaceutical profession in India. He has been felicitated time and again, by various organizations for his contributions towards industry and society.

02 Mr. Zulfiqar Kamal

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

03 Mr. Niraj Dhadiwal

Mr. Niraj Dhadiwal is a pharmacy graduate with a diploma in business management and has been with the company for nearly three decades. He started his career with ZIM Labs as a production officer in 1991, rising through ranks to his current position of Director. With his keen business acumen and technical knowledge,

Mr. Dhadiwal has played a key role in the export-development arm of the company. His contribution to the development of overseas business stands unmatched and a testament to his foresight and ability to tap into new markets. In his current role as Director – Business Development, Mr. Dhadiwal looks after the business development and marketing functions of the company. He envisions ZIM Labs to have a global presence with innovative and differentiated products leading to good returns for all the stakeholders.

04 Mr. Prakash Sapkal

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

05 Mrs. Kavita Loya

Mrs. Kavita Loya is a Senior Practicing Chartered Accountant with 20 years of experience. She is presently a Partner in Loya Bagri & Company, Chartered Accountants. She was a Member of Capacity Building Committee and Women's Empowerment Committee of the Western Region of ICAI, Mumbai & Nagpur. She is presently a core group member of the Bombay Chartered Accountants Society. She is on the Board as an Independent Director since the year 2017. She has an expertise in Audit, Taxation and other financial matters.

06 Mr. Padmakar Joshi

Mr. Padmakar Joshi is a senior banking professional with more than 37 years of rich and multi-functional experience in areas of commercial banking. He is on the Board as an Independent Director

since September, 2017. He retired as Dy. Head- Corporate & SME Credit Monitoring and Debt Restructuring, Union Bank of India.

07 Dr. Kamlesh Shende

Dr. Kamlesh Shende has more than 30 years of experience in the area of Regulatory Affairs in the Pharmaceutical sector. He possesses rich experience in Drug Policy matters enabling him to act as a technical consultant to various pharmaceutical companies. Dr. Shende has worked as Drugs Formulation Expert for the entire State of Maharashtra and was a member of the National Subcommittee on Formulations constituted by Drugs Consultative Committee.

Dr. Shende retired as Joint Commissioner (Drugs), Food and Drugs Administration, Mumbai. He holds a master's degree in Pharmacology and a Ph. D (Herbal Medicine) from university of Health Sciences, Nashik.

08 Dr. Kakasaheb Mahadik

Dr. Kakasaheb Mahadik, a senior professional having a rich experience of more than 35 years in Research in pharmaceutical sector including Novel Drug Delivery Systems. He is an active contributor in various Pharma and Research organizations. He was a Member, Executive Council Indian Society for Clinical Pharmacology and Therapeutics as well as the Executive Committee Indian Pharmaceutical Association.

He is a member of Indian Pharmaceutical Association, IASTAM and other reputed professional bodies. He has been granted several patents and has published more than 300 Research Papers internationally and nationally. He is recipient of various awards for his contributions in the pharmaceutical research and other social causes.

Dr. Mahadik is an M. Pharm and PhD in Pharmaceutical and also holds Ph. D in Law. He has expertise in the field of Pharmaceutical Research, Management and Administration.

Comprehensive Research Capabilities

A wholly-owned subsidiary, ZIM Health Technologies Limited (ZHTL) has been incorporated as an extended research and development unit to enhance R&D efforts of ZIM in areas of product development, manufacturing and marketing of complex generic and high-end pharmaceutical and nutraceutical products - particularly for the developed and pharmerging markets.

The ZHTL team has been pivotal in enhancing the growth in ZIM's business and product pipeline over the last few years. During the FY 21-22, with the active involvement of ZHTL team, the R&D team at ZIM has developed new differentiated products and filed dossiers for registrations across various geographies. ZHTL team has been instrumental in advising the management of ZIM in enhancing the operational efficiency.

ZHTL is led by Dr. Chandrashekhar Mainde, a veteran professional in the field of pharmaceutical research and development, who joined ZHTL after a significant stint. He has been a leader of various Technical and Business Development functions in leading Indian and International Pharmaceutical organizations. He leads a team of experienced R&D, QA, QC, RA, production professionals on product Ideation, development, dossier readiness, manufacturing and registration of new products for ZIM group.

Mr. Gautam Saigal has recently joined ZHTL Board as the Non-Executive and Non-Independent Director. Mr. Saigal is an experienced private equity investment professional who works closely with ZIM group on all strategic and new initiatives.

Board of Directors : ZHTL



Dr. Anwar S. Daud
Non Executive Chairman



Dr. Chandrashekhar Mainde
CEO and Executive Director



Mr. Zulfiqar Kamal
Non Executive and Non Independent Director



Mr. Gautam Saigal
Non-Executive and Non-Independent Director

01 Dr. Chandrashekhar Mainde

Dr. Mainde is M.Pharm and Ph.D. in Pharmaceutical Technology from Nagpur University. He has an industrial experience of over 25 years.

He heads the company's research and development activity and advises the company on all technical functions including Quality and Operations. He also leads certain high impact business development initiatives for the company's regulated markets.

During his long professional career as leader and team leader representing several well-known pharmaceutical organizations, he has faced around 75 Audits from US FDA, MHRA, ANVIS, TGA, EMA and other regulatory authorities. Under his guidance over 300 products were filed to MOH Turkey along with 10 ANDA submissions to USA and 50 EU CTD dossiers to different European countries.

Being the principal investigator for more than 100 Indian patents, he is also the inventor in several patents filed worldwide. Conducted more than 300 bio-equivalence studies including complex formulations and contributed to submitting around 150 ANDA in USA and several others in regulated markets.

02 Mr. Gautam Saigal

Mr. Gautam Saigal is founder partner of Pachira Financial Services LLP., is an Advisor to Zim Laboratories Ltd.

He has over 30 years of experience in financial services covering private equity investment, investment banking and advisory services. Till mid-2013, Gautam was the Managing Director of AA Indian Development Capital Advisors Ltd., advisors to the India dedicated mid-market focussed private equity fund launched by the Ashmore Group and Alchemy Partners, UK.

Prior to this, he was Vice President, AIG Global Investment Group (Asia) and Co-Head of its India private equity advisory practice. Since 1997, Gautam has been responsible for leading several private equity investments and monitoring them as a board member covering various sectors including in healthcare, financial services, telecom, energy distribution, IT services, consumer products, logistics and infrastructure.

Earlier he worked in Investment Banking with SSKI Corporate Finance and SMIFS Capital Markets for over 6 years. He is a Chartered Accountant

and a post-graduate in Commerce from the Calcutta University.

Gautam led the investment of AA Indian Dev Capital Fund in Zim and was on the Board of Zim Laboratories till mid-2013. He is presently a member of the Board of Directors of Asirvad Microfinance Ltd. and Manappuram Home Finance Ltd.

Corporate Information

Board of Directors

Dr. Anwar Daud
Chairman and Managing Director

Mr. Zulfiqar Kamal
Director (Finance)

Mr. Prakash Sapkal
Director (Operations)

Mr. Niraj Dhadiwal
Director (Business Development)

Mrs. Kavita Loya
Independent Director
Chairperson : Audit and Risk
Management Committee

Mr. Padmakar Joshi
Independent Director
Chairman : Nomination and
Remuneration Committee

Dr. Kamlesh Shende
Independent Director
Chairman : Stakeholder Relationship
Committee

Dr. Kakasaheb Mahadik
Independent Director
Chairman : Corporate Social
Responsibility Committee

Chief Financial Officer

Mr. Shyam Mohan Patro

Company Secretary and Compliance Officer

Mr. Piyush Nikhade

Bankers

Bank of India

Shamrao Vithal Co-operative Bank
Limited

TATA Capital Financial Services
Limited

Statutory Auditors

Walker Chandio & Co. LLP,
Chartered Accountants

Cost Auditor

M/s Dhananjay V. Joshi & Associates,

Internal Auditors

**Protiviti India Member Private
Limited**

Secretarial Auditor

Ms. Yuti Nagarkar
Company Secretary in Practice

Legal Consultant:

Adv. Shabana Karim, Corporate Law
Practitioner,

Managing Partner - S. K. Law
Associates

Registrar And Share Transfer Agent

Link Intime India Pvt. Ltd,

Unit: ZIM Laboratories Limited,
C 101, 247 Park, LBS Marg,
Vikhroli (West),
Mumbai - 400 083, India.

Tel: +91 22 4918 6000

Toll Free No.: 1800 1020 878

Email: rnt.helpdesk@linkintime.co.in

Registered Office

Sadoday Gyan (Ground Floor),
Opp. NADT, Nelson Square,
Nagpur - 440013.

Tel: 0712-2981960

Website : www.zimlab.in

E-mail : cs@zimlab.in

CIN: L99999MH1984PLC032172

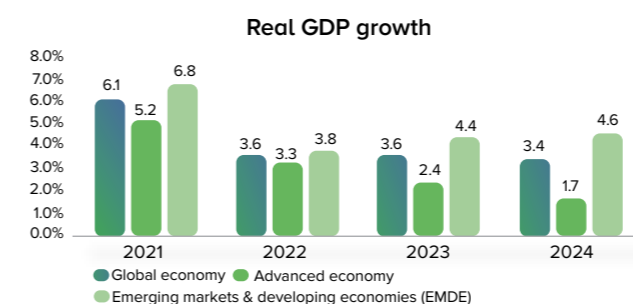
Management Discussion And Analysis

Global economy review

According to the IMF, the global economy grew by 6.1% in CY2021. The steady yet gradual recovery can be owed to the long-term effects of the pandemic and feeble economic policies at the back of supply-chain disruptions. The advanced economies are witnessing a steady recovery. This can be owed to rising economic activities and investments, which are likely to restore to pre-pandemic levels. However, owing to the lower levels of production, the sluggish growth is more prominent in EMDEs. The difference in the pace of recovery is a result of slower vaccination rollouts and tighter economic policies.

Emerging market and developing economies are expected to grow at 6.8 percent in the year 2021, helped by increased external demand and higher commodity prices. Further recovery in global trade will help accelerate these economies' growth, and lowering trade costs will also boost business and stimulate investment and growth.

Although there are significant downside risks to the recovery of both advanced and emerging economies, the recovery process is expected to stabilise in the foreseeable future. Trade activity is gaining traction and will contribute to the growth of the global economy.



Source: World Economic Outlook (April 2022) - Real GDP growth (imf.org)

Outlook

According to the IMF (April 2022 World Economic Outlook) global growth is projected to slow from 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. Beyond 2023, global growth is forecast to decline to about 3.4 percent over the medium term. War-induced commodity price increases and broadening price pressures have led to 2022 inflation projections of 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies.

Indian economy review

The Indian economy experienced a strong rebound in 2021-22 with a GDP of 8.7%. India's wide range of fiscal and monetary measures to the crisis and various economic reforms helped mitigate a longer-lasting adverse impact of the crisis and assisted its recovery. However, towards the end of the year, the geopolitical unrest in Europe triggered a series of sanctions that also impacted India. Supply-chain disruption and spiking commodity prices exacerbated the already rising inflation. Despite the challenges, the long-term outlook is positive owing to the government's growth-oriented budget as well as strategies like 'China plus one' and 'Russia plus one' that is aimed at the diversification of businesses into other geographies. Such strategies would prove India as an attractive option for business due to its large domestic market and skilled labour.

A strong rebound in government revenue in 2021-22, on the other hand, implies the government will comfortably meet its year-end objectives while maintaining support and expanding capital investment. The government now has fiscal space to give further aid if required, thanks to a considerable increase in revenue (revenues were up over 67 percent YoY in April-November 2021)³.

Outlook

Based on the government's proposed increased capital investment, the Indian economy is predicted to grow by 8.0-8.5 percent in 2022-23. In addition, supply-side policies are being implemented, such as deregulation of industries, the elimination of retroactive taxes, and so on, all of which will assist in growth. Inflationary difficulties induced by rising fuel prices, as well as geopolitical uncertainty, are some of the factors of concern for the economy's future growth, but India is well equipped to cater to such challenges.

Industry overview

Indian pharmaceutical industry

Over the years, the Indian pharmaceutical sector has grown tremendously, and it currently ranks third in the world in terms of pharmaceutical manufacturing volume. India is the world's largest provider of generic medications, accounting for 20% of the global supply. Because of their low prices and high quality, Indian pharmaceutical companies have become significant participants in the global market, making

¹ Indian Economic Survey, 2021-22

² <https://pib.gov.in/PressReleasePage.aspx?PRID=1801835#:~:text=Real GDP or Gross Domestic,2022.>

³ Indian Economic Survey 2021-22

the country the 'Pharmacy of the World.' Currently Indian pharma industry is valued at US \$41.7 bn and is expected to reach \$65 billion by 2024 and \$120-130 billion by 2030. This growth has been aided by various government incentives and schemes like the production linked incentive for bulk drugs, promotion of domestic manufacturing of medical devices etc.

Foreign direct investment in the pharmaceutical industry increased substantially over previous years. The unprecedented increase in foreign investments in the pharmaceutical industry is mostly due to efforts to address COVID-19 related medicinal and vaccination demands.

Despite being a major participant in formulations, the country is heavily reliant on the import of APIs used in the formulations of medicines. The government has launched PLI scheme to produce APIs within the country and has allocated a budget of INR 6,940 crore for the promotion of domestic production of 53 essential Active Pharmaceutical Ingredients (APIs) in the country over the next eight years.

Novel Drug Delivery System (NDDS)

The term "Novel Drug Delivery System" (NDDS) refers to methods, formulations, technologies, and systems for safely transporting a pharmaceutical compound in the body as deemed necessary to achieve its desired therapeutic effects. It is a method for delivering drugs that is different from traditional drug delivery systems and consists of a mix of advanced technology and modern dosage forms that are much superior to conventional dosage forms. The global market for Novel Drug Delivery Systems (NDDS) is estimated to be US\$9 Billion in the year 2020 and is projected to reach a size of US\$28.1 Billion by 2026⁷ growing at a CAGR of 20.8% over the analysis period.

Based on the method of administration, the pharmaceutical drug delivery sector is divided into oral, pulmonary, injectable, ophthalmic, nasal, topical, implantable, and transmucosal drug delivery. There are numerous advantages associated with this route of administration, such as convenience and ease of use, right dosage to the right place, painless and non-invasive delivery, superior transmissibility, and enhanced patient compliance.

Generics

The generic pharmaceuticals produced in India and distributed across the world comply with safety and stringent quality levels. India employs the world's second-largest number of people in the pharmaceutical and biotech industries. Many prominent international corporations have set ambitious goals for their India operations, implemented a localised strategy that includes rapid salesforce ramp-ups and branded generics releases. Leading pharmaceutical companies have invested heavily in market development, established distinctive business strategies, and maintained the momentum of new product introductions.

⁴Indian Economic Survey 2021-22

⁵Pharma industry in India: Invest in Indian Pharma Sector (investindia.gov.in)

⁶Indian Economic Survey 2021-22

⁷Novel Drug Delivery Systems (NDDS) - Global Market Trajectory & Analytics (researchandmarkets.com)

Oral Thin Films (OTF)

Oral Thin Films are being explored on a larger scale as a new drug delivery system. Oral Thin Films have been defined as a non-conventional alternative to traditional dose forms. They're a flexible platform that can provide immediate, local, or systemic effects. Traditional oral solid dose forms, such as tablets, capsules, and other oral forms, have mainly been employed for adult patients. However, not everyone is capable of swallowing, holding, or consuming medications without any help. Paediatric, geriatric, dysphagic, mentally ill, and bed-ridden patients, for example, have special needs that demand an alternative to swallowing.

The films known as Oral Thin Films (OTF) disintegrate virtually instantaneously when put on the tongue. Unlike tablets and capsules, these thin films do not require water for administration and, unlike liquids, may easily be carried in pockets, purses, and wallets. These films have an excellent palatability and are taste-masked. Because thin films are measurable, they can also assure dosage homogeneity, which is a challenge with liquid medications. Fast-dissolving thin films are not only beneficial to special-needs individuals, but they are also appealing to other patients.

Company Overview

ZIM develops and supplies differentiated generic pharmaceutical products in Finished Formulations (FF) and Pre-Formulation intermediates (PFI) in certain key therapeutic segments across RoW markets.

Our differentiation and value proposition is in our ability to develop and supply combination generic products using various drug delivery techniques and release patterns in the oral solid dosage form.

The Company's core capability is built on the foundation of a strong, experienced in-house R&D set up. The R&D capabilities provide various delivery solutions that are comprehensive and cover product conceptualisation, product development, clinical studies, dossiers, manufacturing & supplies. The R&D capabilities are enhanced through investment in a very experienced team in Zim Health Technologies Ltd (ZHTL - 100% subsidiary). For the PFI business - we partner with pharmaceutical and nutraceutical distribution companies who seek solutions for development, sourcing and marketing of differentiated and value added generic products To grow our FF business - we register our products in select markets with plans to enter into marketing tie up with local distributors and marketing companies for launch of our FF products as branded generics. Our Oral Thin Film (OTF) business, (part of FF) has been growing steadily over the years on the back of some high value pharmaceutical products and has recently ventured into Nutraceutical products. Our plant (including the OTF facility) is EU GMP certified and will support our manufacturing and supply initiatives for these new products



The Company is expanding its nutraceutical business vertical to develop unique vitamins and dietary supplement products which align with its pharmaceutical therapy area strategy thus creating a holistic treatment approach to ensure a healthier life for the patient

across various markets. The Company is focused on expanding offerings across two verticals-pharmaceutical and nutraceuticals, to customers across the globe. The Company is expanding its nutraceutical business vertical to develop unique vitamins and dietary supplement products which align with our pharmaceutical therapy area strategy thus creating a holistic treatment approach to ensure a healthier life for the patient.

Novel drug delivery technologies, such as Oral Thin Film (OTF) are being developed. Company's R&D team works on repurposing and repositioning differentiated generics using drug delivery solutions which consist of pellets, capsules, granules, tablets, oral solutions, etc., to increase effectiveness and patient convenience. The firm is concentrating on certain therapeutic areas that include urology, gastroenterology, cardiology, and anticoagulants, as well as antibiotics and anti-infectives, NSAIDs/pain analgesics, and vitamins and supplements.

The Company's goods and services cover multiple locations, including Asia, India, Africa, MENA, CIS, Europe, LATAM, SE Asia.

Export Business

The Company's exports are primarily to RoW markets of Asia Pacific, Middle East and Africa MENA. Exports to CIS Countries and Latin American Countries (LATAM) are also growing. The export business grew by 17% during the fiscal year, comprising 81% of the total operating income for FY22. The export business witnessed steady growth in PFI, FF and OTF verticals, and the Company strengthened its market presence in key regions. We have also initiated the development of innovative and differentiated Nutraceutical products using our various Drug Development Technologies for sale as Over the Counter (OTC) products in India and globally.

Outlook

The Company aims to develop several unique generics some of which will be first generics. The goal is to register and market these differentiated generic products as finished formulations in the EU and across global markets in collaboration with leading marketing companies or as pre-formulation intermediates (PFI) in collaboration with pharmaceutical companies.

Domestic Business

The domestic business includes sale to Central/ State Government, agencies owned by the Government and sale through deemed exports (products billed in India for export by 3rd parties). The Government business is mainly in pharmaceutical products under the "Jan Aushadhi and CGHS" scheme to ESIC, Railways etc. and comprise of our differentiated and high margin generic products that provide certain threshold net contribution % to meet risks in fluctuating raw material prices and payment delays.

Our range of OTF products in India which are marketed by partners in their brands and directly under our brand ZIMUNAT® through ecommerce / online platforms.

R&D Initiatives and Value Propositions

The Company's value proposition is its ability to manufacture differentiated generic medications as well as unique drug delivery techniques that provide patients with therapeutic benefits. The Company is differentiating itself from the competition in the following ways:

1. Modified Dosage Forms and release patterns

Rising competition in traditional generics is pushing the need for innovation and value addition to these traditional generic molecules. The Company addresses this issue by streamlining its resources and focusing on new dosage forms and release patterns, resulting in smarter generics or super generics in terms of convenience, effectiveness, and treatment adherence. These products with unique delivery mechanisms can be developed in a shorter time frame and with lower investment, resulting in increased profitability and return on investment.

The Company's primary focus is to develop innovative and differentiated generic pharmaceutical pre-formulation intermediates and finished formulations while staying true to its vision and mission. The Company is pivoting towards specific therapy areas while maintaining its focus on technology platform innovation and process optimisation. This year, the efforts will also be on registration and marketing arrangements for the products developed.

New forms and release patterns with improved drug efficacy such as sustained release, immediate release, targeted release in pellets, eliminates the need for multiple doses and is also a primary point of focus for the Company. The release patterns also help to improve efficacy and patient convenience resulting in lower dosage frequency, improved bioavailability, reduced side effects and increased patient compliance and treatment adherence.

2. Novel drug delivery platforms

Oral solid doses, such as tablets and capsules, must be eaten whole, with water or some other liquid. Swallowing these can be a problem for some individuals, such as children, the elderly, the mentally challenged and the bed-

ridden. ZIM's R&D team has developed Oral Thin Films (OTF) which are manufactured using the company's in house Patented Thinoral® technology. This technology enables the Company to manufacture pharmaceuticals and nutraceuticals on Orodispersible, Sublingual and Buccal thin film technologies. Oral Thin Films are instantaneously wettable, quick-dissolving, non-sticky, non-tacky, and non-curving, with drug loading capacities of up to 100 mg of active medication. This thin-film manufacturing method has been upgraded in exceptional circumstances for the delivery of liquid actives, broadening the range of applications for the Thinoral® technology platform.

The technological platform is well-protected thanks to the submission of multiple product process patents, some of which have already been awarded in countries such as India, Malaysia, Ukraine, and Eurasia. Several pharmaceutical and nutraceutical items have been developed, registered, and marketed using this Thinoral® technology. Various novel items are being developed in collaboration with multinational corporations and major regional players for registration and commercialisation in regulated markets (including Europe). The company was successful in getting registration and marketing

authorization for Oral Thin Film product - Rizatriptan Benzoate for the EU market.

Various OTF products of the Company's nutraceutical business have also been sourced by leading Online/E-commerce Healthcare Brands for distribution through their E-commerce and Online channels.

Governments and Regulatory bodies across the world are actively searching for alternatives to several innovator molecules and branded products. There already exists a library of generic therapeutic molecules, which through repurposing, re-combining or reformulating, provide possibilities for creating new and affordable therapeutic solutions that strengthen product pipeline, improve product life cycle or create branded generics

The Company intends to focus on refining existing generic pharmaceuticals and developing new ones in order to achieve lower doses, fewer side effects, increased patient compliance and treatment adherence, and other benefits, such as price stability and larger profits even as treatment costs decline.

Financial Overview

Particulars		2021-22	2020-21	YoY Change %	Reasons
Current ratio	Times	1.45	1.35	8%	
Debt- Equity Ratio	%	29	50	-42%	Improvement by 42% in the current year is mainly due to improved working capital management and repayment of borrowings during the year
Debt Service Coverage Ratio	Times	1.02	0.99	3%	
Return on Equity Ratio	%	8.65	4.65	86%	Increased by 86% in the current year due to improvement in net profit margin and profitability which in the previous year was affected due to mainly to exceptional item- loss
Inventory Turnover Ratio	Times	2.47	2.87	-14%	
Trade Receivable Turnover Ratio	Times	4.06	4.17	-3%	
Trade Payable Turnover Ratio	Times	3.74	4.41	-15%	
Net Capital Turnover Ratio	Times	5.03	6.18	-19%	
Net Profit Ratio	%	4.36	2.38	83%	Increased by 83% in the current year due to improvement in net profit margin and profitability which in the previous year was affected mainly due to exceptional item- loss
Return on Capital Employed	%	12.52	10.84	16%	
Operating Profit Margin	%	8.80	8.56	3%	
Basic EPS	Times	8.96	4.50	99%	Increased by 99% in the current year due to improvement in net profit margin and profitability which in the previous year was affected mainly due to exceptional item- loss
Interest coverage ratio	Times	3.53	2.41	46%	Improvement by 46% in the current year is mainly due to reduction in the finance costs on account of improved working capital management

Key Risks and Mitigations

The Company has a risk management framework to identify and evaluate business risks and opportunities. To strengthen the risk management framework, Company has a dedicated committee in place to minimize adverse impact on the company's vision and mission.

Regulatory and compliance

A market presence across multiple geographies requires indepth knowledge of regulatory and compliance norms across different countries. In addition, stringent manufacturing and audit norms have to be adhered for long-term business sustainability.

Mitigation

The Company's regulatory team is experienced to address several compliance norms, queries and observations for multiple filings and registrations. As a result, the Company has a strong pipeline of product filings and registered products that ensure a viable revenue model. The Company's manufacturing units are certified EU-GMP, and the Company regularly complies with third-party audit checks.

Cyber Security & Data Privacy

Data protection risk has emerged as one of the most significant enterprise risks in recent years. The company's IT assets and systems need to be secured end to end to avoid a negative influence on the company's long-term viability. Malicious emails and viruses have dramatically raised the hazards to information security.

Mitigation

Daily backups of critical data are performed to different sites, including Microsoft Azure Cloud, and the usage of Sophus firewall routers and Quick Heal multiuser security provides an effective risk mitigation solution.

Opportunities and Challenges

- Pharmerging markets:** The demand for Indian drugs in several emerging economies opens up new significant opportunities for growth. Our drug efficacy and target therapeutic segment positions us comfortably to widen our market presence and grow our business.

Challenges

- Volatility in Forex Market:** Significant volatility in the forex market, especially for emerging market currencies, may adversely impact reported growth of these markets, even though they may be recording growth in local currency terms.
- Price fluctuations of key inputs:** Prices of the key ingredients used in the products manufactured and marketed by the Company remain volatile due to several market-related factors, including changes in government policies and fluctuations in the foreign exchange rates. However, the Company keeps a close

watch on the prices and enters into long term contracts, wherever feasible, to minimise the risk of fluctuations in the input prices.

Information and technology

The management has invested in building processes that are backed by sound technologies. All critical operations are managed on ERP while critical data at multiple locations is backed up on Cloud. A dedicated disaster recovery site has been built to ensure data integrity and protection.

Introduction of IoT devices across all primary machines and manufacturing lines now help monitor health, run-time, and efficiency of equipment, thereby enabling better production planning, reduced downtime, and sending out preventative maintenance notifications too.

Human Resource

In keeping with its vision and objectives, the Company continues to improve its human capital by hiring new members at top levels and modernising its HR systems to promote a performance culture. Regular training programs are also conducted to enhance skills and competencies of workforce for respective work. The Success of Performance Enabling Process has enhanced the alignment of organisations and individuals to the point that a portion of the compensation of mid-senior level personnel is tied to the organisation's performance rather than individual performance. To achieve its goals, the Company's working culture continues to emphasise innovation, collaboration, execution, and speed.

Projects such as system and process simplification, process improvements, facility upgrades, production planning, and inventory management continue to be improved upon. Aside from that, such performance-based initiatives aid in the retention of top people. To create a culture of gratitude and increase team togetherness, the company established a peer-to-peer appreciation initiative called "Joy of Giving", Woman's Day Celebration, Diwali Celebration and such other events. Vaccination camp of all the employees of the Company was also effectively conducted. As on 31st March the Company had 505 employees.

Internal Control and Audit

The Company has suitable internal control mechanisms in place, which are appropriate for its size and industry. The Company's internal control architecture assures regulatory compliance while also assisting in the implementation of the plans. The risk management framework, financial control, internal audit, and supporting policies lay the groundwork for internal control. The internal control structure is designed to ensure that operations are efficient and aligned with strategic objectives. The internal control framework's goal is to assure accurate, reliable, complete, and timely financial and management reporting, as well as to protect business assets and maintain effective productivity at all levels. Ethical ideals, effective corporate governance, and risk management techniques are all endorsed by the framework.

The Company's internal audit function independently scrutinises critical audit areas based on audit plans that are approved by the Audit Committee. The plans are created

using a risk assessment exercise to determine which regions are more dangerous. Significant Internal Audit findings are evaluated by Management, the Audit Committee and Risk Management Committee on a regular basis, and corrective action plans recommended by them are executed by the appropriate process owners of the business units, strengthening Internal Control.

Disclaimer

The document contains statements about expected future events and financial and operating results of ZIM Laboratories Limited and may be construed as forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and

uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of ZIM Laboratories Limited's Annual Report of FY 2022.

Board Report

The Board of Directors of your Company has pleasure in presenting the Board Report pursuant to Section 134(3) of the Companies Act, 2013, comprising the prescribed particulars and information as per the Companies (Management and Administration) Rules, 2014 and the Companies (Accounts) Rules, 2014 in respect of year ended 31.03.2022 as follows :-

a) Number of Meetings of the Board : 11

b) Directors' Responsibility Statement:-

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

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

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

The Company has received necessary declarations from each Independent Director under section 149(7) of the Companies Act, 2013 and Regulation 25(8) of

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

d) Nomination and Remuneration Policy:-

The criteria laid down in the Companies Act, 2013 and Rules framed thereunder are complied with while appointing the Directors including Independent Directors. The Nomination and Remuneration Policy has been formulated and approved by the Nomination and Remuneration Committee and Board of Directors is available on the Website of the Company at <https://www.zimlab.in/policies/>.

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

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

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

- | | |
|---------------|---|
| a) Loan | : NIL |
| b) Guarantee | : NIL |
| c) Investment | : Investment of Rs. 10.00 lakhs in equity Share capital of "ZIM Thinorals Private Limited" Wholly-Owned Subsidiary. |

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

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

h) Annual Return:

The Annual Return of the Company as on 31st March, 2022 in Form MGT - 7 in accordance with Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, is available on the website of the Company at https://www.zimlab.in/annual_reports/

i) The state of Company's affairs:-

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

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

k) The amount of dividend payment recommended : NIL

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

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

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

B. Technology Absorption: -

- | | |
|--|--|
| <p>i) The efforts made towards technology absorption:</p> | <p>1) An automatic Cartonator machine has been installed which will improve the quality and yield on secondary packing.</p> <p>2) Extruder and Spheroniser have been installed for improvement in pellets manufacturing quality and yield.</p> <p>3) The inclusion of Fluid Bed Processor (from Glatt) will significantly improve the process timing which will improve the yield of the products.</p> |
| <p>ii) The benefits derived like product improvement, cost reduction, product development or import substitution</p> | <p>1) Offers basket of products under various therapeutic classes. Many products are in the pipeline for future introduction in emerging and regulated market.</p> <p>2) Offers technologically advanced differentiated products which are convenient and safe for administration to patients.</p> <p>3) Continuous alternate vendor development process is in place was initiated to mitigate cost fluctuations, risk of uninterrupted supply and the risk of sourcing API and excipients for top products.</p> |

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:

- a) Fuel additives start addition in LDO for boiler efficiency enhancement.
 - b) Condensated water used as a boiler feed water to reduce the LDO consumption.
 - c) Steam Condensated water is planned to use as a hot water for Air Handling system to maintain RH due to which steam consumption will be less.
 - d) VFD installed in FBD and Coating machine for effective utilization of these machines.
 - e) Additional Electrical Heater installed in place of Steam coil in Air Handling unit to maintain the RH in the area.
- (ii) The steps taken by the Company for utilizing alternate sources of energy: The Company has evaluated the feasibility of Solar Power System.
- (iii) The capital investment on energy conservation equipments : Rs. 2.04 Lakhs

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

- | | | |
|--|---|--|
| a. The details of technology imported | : | Cartonator for Secondary Packing of the products. |
| b. The year of import | : | FY 2019-20 |
| c. Whether the technology has been fully absorbed | : | Yes |
| d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof. | : | Not applicable |
| iv) The expenditure incurred on Research and Development | : | Revenue expenses ₹ 1,687.48 lakhs
Capital expenses ₹ 571.48 lakhs |

C. Foreign Exchange earnings and outgo :

- i) Foreign exchange earned: ₹ 27,410.56 Lakhs
- ii) Expenditure in foreign exchange: ₹ 3,940.94 Lakhs

n) Risk Management Policy :

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

o) Corporate Social Responsibility (CSR) :-

During the year, the Company has amended its CSR Policy to align it with the amendments in the Companies (Corporate Social Responsibility Policy) Rules, 2014 ('CSR Rules').The policy approved by the Board at its meeting held on 29.06.2021 is available on the Website of the Company at <https://www.zimlab.in/blog/wp-content/uploads/2021/09/CSR-Policy.pdf>.

The policy inter alia covers the following:

- Guiding principles for selection, implementation and monitoring of CSR activities as well as formulation of the Annual Action Plan
- Roles and Responsibilities of CSR Committee
- CSR Projects or Programmes which include focus areas being Education, Sanitation, Healthcare, Women Empowerment and Environment Conservation.
- Process for Approval of CSR Projects and Expenditure thereon
- Implementation and Monitoring of CSR Activities

The Composition of Corporate Social Responsibility Committee during the Financial Year 2021-22 was as follows :

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

The Board of Directors in its meeting held on 21.05.2022 has reconstituted CSR Committee. The composition of Corporate Social Responsibility Committee is as follows:

(i) Dr. Kakasaheb Mahadik – Chairman.

(ii) Mr. Padmakar Joshi

(iii) Mr. Niraj Dhadiwal

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

p) Board Evaluation

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

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

q) Financial Highlights

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	FY 2022	FY 2021	FY 2022	FY 2021
Revenue	32,949.37	30,362.94	33,342.68	30,726.33
Other Income	450.62	244.90	440.27	233.69
Total Income	33,399.99	30,607.84	33,782.95	30,960.02
Operating expenditures	29,155.97	26,681.81	29,244.77	26,750.10
Profit before interest, depreciation and tax	4,244.02	3,926.03	4,538.18	4,209.92
Less : Finance costs	830.62	1,088.56	830.62	1,089.82
Depreciation and amortisation	1,483.74	1,461.38	1,603.31	1,578.90
Profit/ (Loss) before exceptional item and tax	1,929.66	1,376.09	2,104.25	1,541.20
Exceptional Items- loss	-	(518.08)	-	(518.08)
Profit/(Loss) before tax	1,929.66	858.01	2,104.25	1,023.12
Tax expense	628.38	296.39	649.21	291.37
Profit/(Loss) after tax	1,301.28	561.62	1,455.04	731.75
Opening balance in Retained Earnings	9,875.50	9,352.38	10,199.81	9,506.56
Profit available for appropriation	11,176.78	9,914.00	11,654.85	10,238.31
Less : Appropriations				
Dividend	-	-	-	-
Dividend distribution tax	-	-	-	-
Transfer from other comprehensive income	(4.56)	38.50	(4.56)	38.50
Closing balance in Retained Earnings	11,181.34	9,875.50	11,659.41	10,199.81

r) **Change in nature of business if any.** : NIL

s) **The details of Directors or Key Managerial Personnel who were appointed or have resigned during the year :**

Details of Directors resigned during the year : Mr. Riaz Ahmed Kamal (DIN: 00023562) ceased to be Director on the Board of the Company with effect from 01.07.2021.

Details of Directors who completed their tenure : Three Independent Directors namely Dr. Naresh Gaikwad (DIN: 02185462), Dr. V.V. Parashar (DIN: 02456416) and Mr. Suprakash Chakravarty (DIN: 03010382) completed their two terms as Independent Director on the Board of the Company. They ceased to be director w.e.f. 01.04.2022.

Details of Directors appointed during the year : The Board of Directors of the company in its meeting held on 30.03.2022 has appointed two Independent Directors on the Board of the Company subject to the approval of shareholder in the General Meeting. The appointment being effective from 01.04.2022. The details of the Directors appointed are mentioned below :

Sr. No.	Name of Director	DIN	Effective Date of Appointment
1	Dr. Kakasaheb Ramoo Mahadik	08688418	01.04.2022
2	Dr. Kamlesh Shende	09537666	01.04.2022

Approval of Shareholders for the appointment of above mentioned Directors has been obtained at the Extraordinary General Meeting of the company held on 29.06.2022.

The necessary declaration with respect to independence has been received from all the Independent Directors of the company. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

Name of Director retiring by rotation : Mr. Prakash Sapkal, Director (Operations) (DIN: 02007385), who retires by rotation at the ensuing Annual General Meeting and being willing and eligible has offered himself for re-appointment.

t) **A statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the Independent Directors appointed during the year:**

In the Board's opinion, the Independent Directors are persons of high repute, integrity and possess the relevant expertise and experience in their respective fields.

u) **Names of Companies which have become its subsidiaries, during the year:**

A wholly owned subsidiary in the name and style of "ZIM Thinorals Private Limited" was incorporated by the Company on 18.05.2021.

v) **Details relating to deposits covered under Chapter V of the Act.** : NIL

w) **The details of deposits which are not in compliance with the requirements of Chapter V of the Act.** : Company has not accepted any deposits during the year.

x) **The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.** : NIL

y) **The details in respect of adequacy of Internal Financial Controls with reference to the financial statements.** : The details of Internal Financial Controls are separately covered under Management Discussion & Analysis Report which form part of the Annual Report.

z) **Details of Employee Stock Option Scheme as on 31.03.2022** : NIL

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

- ZIM Laboratories FZE, Sharjah.
- ZIM Health Technologies Limited, India.
- SIA ZIM Laboratories Limited, Latvia.
- ZIM Thinorals Private Limited

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

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

The Company has in place an Anti -Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is the summary of sexual harassment complaints received and disposed off during the year 2021-22.

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

ac) Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year : Not Applicable.

ad) Details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof : Not Applicable.

ae) **Disclosure under Section 148(1) of the Companies Act, 2013**

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

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

(ag) The Secretarial Audit Report for the financial year ended 31st March, 2022 is annexed as Annexure II to this report.

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

The statement containing particulars in terms of Section 197(12) of the Companies Act 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report and is annexed as Annexure V.

Further, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits as set out in the Rules 5(2) and 5(3) of the aforesaid Rules forms part of this Report. However, in terms of first provision of section 136(1) of the Act, the Annual Report and Accounts are being sent to the members and others entitled thereto, excluding the aforesaid information. The said information is available for inspection by the members at the Registered Office of the Company during business hours on working days up to the date of the ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy would be sent.

(ai) **Acknowledgements**

We take this opportunity to thank the employees for their dedicated service and contribution to the Company. We also thank our Bankers, business associates and other stakeholders for their continued support to the Company.

For and on behalf of the Board of Directors

(Anwar Siraj Daud)

Place: Nagpur
Date: 25.08.2022

Chairman
DIN: 00023529

Annexure - I

The Annual Report on CSR Activities for the Financial Year 2021-22.

1. Brief outline on CSR Policy of the Company.

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

The Company has identified Healthcare, Sanitation, Education, Environment Conservation and Women Empowerment as the areas where assistance is provided on a need-based and case-to-case basis. Your Company was focused on participation in such activities at the local, grass root level during the year.

2. Composition of CSR Committee:

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

The Board of Directors in their meeting held on 21.05.2022 have reconstituted the CSR Committee. The composition of the reconstituted CSR committee is as follows :

- Dr. Kakasaheb Mahadik, Chairman
 - Mr. Padmakar Joshi, Member
 - Mr. Niraj Dhadiwal, Member
3. The web-link where Composition of CSR committee, CSR Policy and CSR projects : <https://www.zimlab.in/policies/> approved by the Board are disclosed on the website of the company.
4. The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014 : Not Applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any. : Not Applicable
6. Average net profit of the company as per section 135(5). : ₹ 10,08,04,000
7. (a) Two percent of average net profit of the company as per section 135(5). : ₹ 20,16,480
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. : NIL
- (c) Amount required to be set off for the financial year, if any : NIL
- (d) Total CSR obligation for the financial year (7a+7b-7c). : ₹ 20,16,480

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135 (6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135 (5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
20,61,576	Not Applicable				

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

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

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of implementation - Direct (Yes/No)	(8) Mode of implementation Through implementing agency	
				State	District			Name	CSR registration number
1.	Financial assistance to Millat Educational and Social Welfare Association	Clause II Promoting Education	Yes	State: Maharashtra	Dist.: Nagpur	1,00,000	Yes	-	-
2.	Scholarship for economically poor meritorious students of Gurunanak College of Pharmacy	Clause II Promoting Education	Yes	State: Maharashtra	Dist.: Nagpur	2,22,000	Yes	-	-
3.	Provided Three-seater benches at Shums Girls Urdu Primary School	Clause II Promoting Education	Yes	State: Maharashtra	Dist.: Nagpur	59,000	Yes	-	-
4.	Financial assistance to Samta Foundation for setting up of Computer labs	Clause II Promoting Education	Yes	State: Maharashtra	Dist.: Mumbai	10,00,000	No	Samta Purushottam Agrawal Memorial Foundation	CSR00002029
5.	Financial assistance for building of sports ground to provide obstacle training to students at NEEV Defence Academy	Clause II Promoting Education	Yes	State: Maharashtra	Dist.: Nagpur	2,91,372	Yes	-	-
6.	Financial assistance to CHIP's Nisargavedh Project in Nagpur	Clause IV Ensuring Environmental Sustainability	Yes	State: Maharashtra	Dist.: Nagpur	2,50,000	No	Ballygunj Society for Children in Pain	CSR00003066
7.	Provided Desert Coolers and Water Purifier at PHC Hospital Kalmeshwar	Clause I Promoting Healthcare	Yes	State: Maharashtra	Dist.: Nagpur	1,39,204	Yes	-	-
Total						20,61,576			

(d) Amount spent in Administrative Overheads : NIL

(e) Amount spent on Impact Assessment, if applicable : NIL

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 20,61,576

(g) Excess amount for set off, if any

Sr. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	20,16,480
(ii)	Total amount spent for the Financial Year	20,61,576
(iii)	Excess amount spent for the financial year [(ii)-(i)]	45,096
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	45,096

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

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

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

10. In case of creation or acquisition of capital asset, furnish the details relating to the : Not Applicable asset so created or acquired through CSR spent in the financial year.

11. Specify the reason(s), if the company has failed to spend two per cent of the average : Not Applicable. During the F.Y. 2021-22 the Company spent Rs. 20,61,576 on various CSR initiatives, which is more than 2% of the average net profit of the last three financial years.

12. The CSR Committee states that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

Place : Nagpur
Date : 25.08.2022

(Zulfiquar Kamal)
Director (Finance)
DIN: 01786763

(Kakasaheb Mahadik)
Chairman (CSR Committee)
DIN: 08688418

Annexure - II

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR 2021-22

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

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

I have conducted the secretarial audit compliance of applicable statutory provisions and the adherence to good corporate practices by ZIM Laboratories Limited (CIN: L99999MH1984PLC032172) (herein after called "the company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March 2022, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; **Not Applicable for the period under review**
- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014: **Not Applicable for the period under review**
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: **Not Applicable for the period under review**
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: **Not Applicable for the period under review**
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 as amended from time to time; **Not Applicable for the period under review**
- i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Annexure A

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

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

I have also examined compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

I report that, during the year under review the Company has complied with the provisions of all applicable Act, Rules, Regulations, Guidelines, Standards mentioned above, except the following.

1. There is delay of 2 days in intimation to the Stock Exchange required under Regulation 29 of SEBI (LODR) Regulations, 2015, The intimation was given on 27/01/2022 (3 days prior) instead of 25/01/2022 (5 days prior) for the Board Meeting held on 31/01/2022. The Company paid the fine levied by BSE Limited and the Board of Directors have noted the same in their Board meeting held on 30/03/2022.
2. The Minutes of preceding Board meetings were not placed before the Board of Directors in their meetings held on 20/04/2021 and 29/06/2021 as per the requirement of Secretarial Standard-1 issued by The Institute of Company Secretaries of India (ICSI). The minutes of the preceding meeting of the Audit Committee were not placed in meeting of Audit Committee held on 29/06/2021 as per the requirement of Secretarial Standard-1 issued by ICSI.

As per explanation received from the company, the minutes of the preceding meetings were signed within the stipulated time period as required under the provisions of Companies

Act, 2013 and SS-1, however due to sudden rise in the cases of Covid- 19 and adherence to Company's work from home policy, the staff was working from home and therefore, the signed minutes could not be scanned and placed before the Board in the respective meetings.

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

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

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

I further report that, based on the information provided, records maintained and representation made by the company, in my opinion there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and prescribed guidelines.

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

Yuti Nagarkar

FCS No. 9317

CP No.-10802

PR: 1344/2021

UDIN: F009317D000463650

Place: Nagpur

Date: 05.06.2022

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

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

- 1) Maintenance of record is the responsibility of the management of the company. My responsibility is to express an opinion on the secretarial records based on my audit.
- 2) I have followed the practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
- 3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the listed entity.
- 4) Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

- 5) The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Yuti Nagarkar

Practicing Company Secretary

FCS No. 9317

CP No. 10802

PR: 1344/2021

UDIN: F009317D000463650

Date: 05.06.2022

Place: Nagpur

Annexure - III

Form No. AOC-2

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

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

- Details of contracts or arrangements or transactions not at arm's length basis: NIL
- Details of material contracts or arrangements or transactions (i.e. exceeding ten percent of the annual consolidated turnover as per the last audited financial statements) at arm's length basis.
 - Name(s) of the related party and nature of relationship : ZIM Laboratories FZE, Wholly-owned Subsidiary
 - Nature of contracts/arrangements/transactions : Sale of Goods
 - Duration of the contracts/arrangements/t transactions : Continuous
 - Salient terms of the contracts or arrangements or Transactions including the value, if any : The related party transactions entered during the year were in ordinary course of business and on an arm's length basis. The aggregate amount of transactions for the F.Y. 21 - 22 was Rs. 3,428.13 Lakhs.
 - Date(s) of approval by the Audit Committee/Board, if any : 29.06.2021
 - Amount paid as advances, if any : NIL

Note : All related party transactions are benchmarked for arm's length and approved by Audit Committee.

Annexure - IV

CORPORATE GOVERNANCE REPORT

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

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

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

2) Board of Directors :

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

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

*Note: Mr. Riaz Ahmed Kamal ceased to be a Director w.e.f. 01st July, 2021

- ii) Eleven Board Meetings were held during the year on 20.04.2021, 13.05.2021, 29.05.2021, 29.06.2021, 13.08.2021, 06.09.2021, 30.10.2021, 11.01.2022, 31.01.2022, 08.02.2022, 30.03.2022 and 37th Annual General Meeting was held on 30.09.2021.
- iii) The attendance, number of meetings attended and their directorship in other public companies of the Board of Directors as on 31.03.2022 are as under:

Name	No. of Board meeting held	No. of Board Meeting Attended	Whether attended last AGM held on 30.09.2021	No. of directorship in other public limited companies	Committee positions in other companies		Directorship in other listed entity (Category of Directorship)
					Chairman	Member	
Dr. Anwar Siraj Daud, Chairman	11	11	Yes	1	NIL.	NIL	NIL
Mr. Riaz Ahmed Kamal**	11	04	Yes	NIL	NIL	NIL	NIL
Mr. Zulfiquar Kamal	11	10	Yes	1	NIL	NIL	NIL
Mr. Prakash Sapkal	11	10	Yes	NIL	NIL	NIL	NIL
Mr. Niraj Dhadiwal	11	11	Yes	1	NIL	NIL	NIL
Dr. Veerendra Parashar	11	8	Yes	NIL	NIL	NIL	NIL
Dr. Naresh Gaikwad	11	8	Yes	N.A.	NIL	NIL	NIL
Mr. Suprakash Chakravarty	11	11	Yes	N.A.	NIL	NIL	NIL
Ms. Kavita Loya	11	11	Yes	N.A.	NIL	NIL	NIL
Mr. Padmakar Joshi	11	10	Yes	N.A.	NIL	NIL	NIL

** Mr. Riaz Ahmed Kamal ceased to be a Director w.e.f. 01st July, 2021.

- iv) No Director is a relative of another Director.

v) Number of shares held by Non-Executive Director

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

vi) The Company has not issued any convertible instruments.

The details of familiarization programme imparted to independent directors is disclosed on the website of the company under Investor section on the website of the company at www.zimlab.in

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

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

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

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

** Mr. Riaz Ahmed Kamal ceased to be a Director w.e.f. 01st July, 2021.

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

3) Audit Committee**(i) Brief description of terms of reference:**

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

(ii) Composition :

The composition of Audit Committee during the year was as follows:-

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

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

During the year ended 31st March 2022 the Audit Committee meetings were held on 29.05.2021, 29.06.2021, 13.08.2021, 30.10.2021, 31.01.2022 and 30.03.2022

Sr. No.	Name of the Committee Member	Committee meetings		Attendance at the last Annual General Meeting
		Held during Tenure	Attended	
1	Mrs. Kavita Loya	6	6	Yes
2	Dr. Naresh Gaikwad	6	6	Yes
3	Dr. Veerendra Parashar	6	4	Yes
4	Dr. Anwar Daud	6	6	Yes

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

The Board of Directors in its meeting held on 21.05.2022 has reconstituted Audit Committee. The composition of Audit Committee is as follows :

Sr. No.	Name of the Member	Position	Category of Directorship
1	Mrs. Kavita Loya	Chairperson	Independent Director
2	Dr. Kamlesh Shende	Member	Independent Director
3	Mr. Padmakar Joshi	Member	Independent Director
4	Mr. Zulfiqar Kamal	Member	Whole-Time Director

4) Nomination & Remuneration Committee:**(i) Brief description of terms of reference :**

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

(ii) Composition :

The composition of Nomination & Remuneration Committee is as follows:

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

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

During the year ended 31st March, 2022, the Nomination & Remuneration Committee meeting was held on 08.02.2022 and 30.03.2022

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

The Board of Directors in its meeting held on 21.05.2022 has reconstituted Nomination and Remuneration Committee. The composition of Nomination and Remuneration Committee is as follows:

Sr. No.	Name of the Member	Position	Category of Directorship
1	Mr. Padmakar Joshi	Chairman	Independent Director
2	Dr. Kakasaheb Mahadik	Member	Independent Director
3	Mrs. Kavita Loya	Member	Independent Director
4	Dr. Anwar Siraj Daud	Member	Managing Director

Performance evaluation criteria for Independent Directors:

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

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

5) Stakeholders Relationship Committee:

The terms of reference of the Stakeholders' Relationship Committee are in line with the provisions of Section 178 (5) of Companies Act, 2013 read with Regulation 20 and Part D of the Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, The Stakeholders

Relationship Committee is primarily responsible for redressal of Shareholders', Investors', Security holders' grievances including complaints related to transfer of shares, non-receipt of declared dividends, annual reports etc.

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

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

During the year ended 31st March, 2022, Stakeholders Relationship Committee meeting was held on 30.03.2022.

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

The Board of Directors in its meeting held on 21.05.2022 has reconstituted Stakeholders Relationship Committee. The composition of Stakeholder's Relationship Committee is as follows:

Sr. No.	Name of the Member	Position	Category of Directorship
1	Dr. Kamlesh Shende	Chairman	Independent Director
2	Dr. Kakasaheb Mahadik	Member	Independent Director
3	Mr. Prakash Sapkal	Member	Whole-Time Director

Name and designation of Compliance Officer:

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

Status of Shareholders' complaints:

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

5A. Risk management Committee :

The Risk Management Committee is formed to address the risk associated with the company.

(i) Composition :

Sr. No.	Name of the Member	Position	Category of Directorship
1	Mrs. Kavita Loya	Chairperson	Independent Director
2	Dr. Kamlesh Shende	Member	Independent Director
3	Dr. Anwar Siraj Daud	Member	Managing Director

(ii) Risk Management Committee Meetings and attendance during the year:

The Board of Directors in their meeting held on 31.01.2022 have constituted the Risk Management Committee on a voluntary basis. There were no Risk Management Committee meetings held for the period from 31.01.2022 to 31.03.2022.

6) Remuneration of Directors :

- (i) Remuneration Policy: Your Company has a well-defined policy for remuneration of the Directors, Key Management Personnel and other Employees. The policy is available on the website of the Company and the weblink for the same is <https://www.zimlab.in/policies/>

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

Sr. No.	Name of Director	Remuneration paid in F.Y. 2021-22 (₹ In Lakhs)
1	Dr. Naresh Gaikwad	1.00
2	Dr. Veerendra Parashar	1.00
3	Mr. Suprakash Chakravarty	1.00
4	Mrs. Kavita Loya	6.00
5	Mr. Padmakar Joshi	1.00

(iii) Details of Sitting Fees : The Directors are not paid any Sitting Fee.

(iv) Remuneration to Executive Directors :

Sr. No.	Name of Director	(₹ in Lakhs)			
		Remuneration paid in F.Y. 2021-22	Stock Option	Performance Linked Incentive*	Total Remuneration
1	Dr. Anwar S. Daud	110.00	-	10.00	120.00
2	Mr. Zulfiquar Kamal	72.50	-	10.00	82.50
3	Mr. Niraj Dhadiwal	57.50	-	17.50	75.00
4	Mr. Prakash Sapkal	56.50	-	17.50	74.00
5	Mr. Riaz Ahmed Kamal	06.00	-	-	06.00

- The above remuneration of Dr. Anwar S. Daud is exclusive of ₹ 14.58 Lakhs equivalent to 72,000 AED received as remuneration from Wholly Owned Subsidiary "ZIM Laboratories Limited FZE" for the F.Y. 2021-22.
- *The performance linked incentive for F.Y. 2020-21 was paid in F.Y. 2021-22 after evaluation of performance of Directors.
- Mr. Riaz Ahmed Kamal ceased to be Director w.e.f. 01st July, 2022 and has received ₹ 44.38 Lakhs as Post-Employment Benefits.

7) Corporate Social Responsibility Committee :

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

Sr. No.	Name of Director	Position held
1	Mr. Suprakash Chakravarty	Chairman
2	Mr. Padmakar Joshi	Member
3	Dr. Anwar S. Daud	Member
4	Mr. Zulfiquar Kamal	Member

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

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

(ii) **Committee Meetings and attendance during the year :**

During the year ended 31st March, 2022, Corporate Social Responsibility Committee meetings were held on 29.06.2021 and 30.03.2022 and all the members were present in both the meetings.

(iii) The Board of Directors in its meeting held on 21.05.2022 has reconstituted Corporate Social Responsibility Committee. The Composition of Corporate Social Responsibility Committee is as follows :

Sr. No.	Name of the Member	Position	Category of Directorship
1	Dr. Kakasaheb Mahadik	Chairman	Independent Director
2	Mr. Padmakar Joshi	Member	Independent Director
3	Mr. Niraj Dhadiwal	Member	Whole Time Director

8) General Body Meetings :

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

AGM for the period/ year ended	Venue	Date	Time	Special Resolution Passed
37 th AGM for the year ended March 31, 2021	Video Conferencing (VC)/Other Audio- Visual Means (OAVM)	30.09.2021	12:30 p.m.	One Special Resolution was passed.
36 th AGM for the year ended March 31, 2020	Video Conferencing (VC)/Other Audio- Visual Means (OAVM)	30.09.2020	11:00 a.m.	Two Special Resolutions were passed.
35 th AGM for the year ended March 31, 2019	Chitnavis Centre, 56, Temple Road, Civil Lines, Nagpur - 440 001	30.09.2019	11:30 a.m.	No special Resolution was passed.

9) Means of Communication :

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

10) General Shareholder information:

i. AGM: Date, time and venue	The 38 th Annual General Meeting of the Company is scheduled to be held on 19.09.2022 at 12:30 p.m. Deemed venue : Sadoday Gyan (Ground Floor), Opp. NADT, Nelson Square, Nagpur – 440013. (Registered Office)
ii. Financial Year	01 st April 2021 - 31 st March 2022
iii. Dividend Payment Date	Not applicable
iv. Listed on stock exchange	BSE Limited, Listing Fees as applicable has been paid.
v. Stock Code	541400
vi. ISIN Code	INE518E01015
vii. Registrar and Share Transfer Agent	Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083 Tel No : +91 22 49186000 Email Id: rnt.helpdesk@linkintime.co.in

Share Transfer System:

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

As mandated by SEBI, securities of the Company can be transferred /traded only in dematerialised form. Further, SEBI vide its circular dated January 25, 2022, mandated that all service requests for issue of duplicate certificate, claim from unclaimed suspense account, renewal/exchange of securities certificate, endorsement, subdivision/ splitting/ consolidation of certificate, transmission and transposition which were allowed in physical form should be processed in dematerialised form only. The necessary forms for the above request are available on the website of the Company i.e www.zimlab.in.

Shareholders holding shares in physical form are advised to avail the facility of dematerialisation.

Shareholders should communicate with Link Intime India Private Limited, the Company's Registrars & Share Transfer Agent at rnt.helpdesk@linkintime.co.in quoting their folio number or Depository Participant ID and Client ID number, for any queries relating to their securities.

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

Market Price Data of the Company's shares traded on BSE Limited during the FY 2021-22

Month	High	Low
April,2021	107.10	70.15
May,2021	97.00	80.10
June,2021	189.45	83.00
July,2021	180.90	132.15
August,2021	154.00	128.40
September,2021	146.00	134.25
October,2021	143.00	119.10
November,2021	137.25	110.55
December,2021	129.85	109.10
January,2022	169.55	113.70
February,2022	174.00	142.55
March,2022	172.05	131.25

Performance of the share price of the Company in comparison to the BSE Sensex :**Distribution of Shareholding pattern as on 31.03.2022**

Nominal Value of Shareholding	No. of Shareholders	% of Shareholders	Total Shares	% of Share
Upto 500	3,188	88.09	5,01,875	3.09
501 – 1000	224	6.19	1,71,923	1.06
1001 – 2000	101	2.79	1,53,875	0.95
2001 – 3000	27	0.75	67,102	0.41
3001 – 4000	9	0.25	31,332	0.19
4001 – 5000	14	0.39	66,457	0.41
5001 – 10000	17	0.47	1,35,715	0.84
10001 and above	39	1.08	1,51,13,659	93.05
Total	3,619	100.00	1,62,41,938	100.000

Shareholding pattern as on 31.03.2022 of equity shares as per Regulation 31 of SEBI (Listing Obligations & Disclosure Requirements Regulation, 2015).

Category	No. of Shares	Percentage
Promoter & Promoter Group	54,02,660	33.26
Other Bodies Corporate	8,36,555	5.15
Non-Resident Indians	3,90,628	2.41
Foreign Individuals	4,31,736	2.66
Public	91,80,359	56.52
Total	1,62,41,938	100.00

Dematerialisation of shares :

Category	No. of Shares	Percentage
In NSDL	1,07,68,616	66.30
In CDSL	44,01,646	27.10
In Physical form	10,71,676	6.60
Total	1,62,41,938	100.00

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

Dematerialization of shares and liquidity:

The Company's shares are compulsorily traded in dematerialized form on BSE. Equity shares of the Company representing 93.40 percent of the Company's equity share capital are dematerialized as on 31st March 2022.

Foreign exchange risk and hedging activities :

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

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

This referred process provides a natural hedge to the company.

Credit Ratings: The Credit rating agency Acuite Ratings & Research Limited has assigned credit rating ACUITE BBB-/ Outlook: Stable (Upgraded from ACUITE BB+/Stable) to the long term borrowing and ACUITE A3 (Upgraded from ACUITE A4+) for Short Term borrowing of the company vide their letter dated 21.09.2021.

Plant locations :

B-21/22, MIDC Area, KALMESHVAR-441 501 Dist. Nagpur (MS)
 PH. : 091-07118-271370 /271990
 FAX : 091-07118-271470 / 271780
 E-mail :bdd01@zimlab.in

Address for correspondence: Registered Office :

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

For Share Transfer matters :

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

For any other matter:

Managing Director
 ZIM Laboratories Limited
 Sadoday Gyan, (Ground Floor), Opp. NADT,
 Nelson Square, Nagpur-440013
 PH: 0712-2981960
 Email: anwar.daud@zimlab.in

11) Disclosures :

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

No materially significant related party transaction took place during the year ended 31st March, 2022 that had potential conflict with the interest of the Company. All transactions entered with the related parties during the year ended 31st March 2022 as mentioned under the Companies Act, 2013, and Regulation 23 and 27(2)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were in the ordinary course of business and on arm's length basis.

- (ii) Details of non-compliance :

According to the provisions of Regulation 29(2) of SEBI (LODR), Regulations 2015, five days prior intimation to Stock Exchange was required to be filed by the company for the Board meeting held on 31.01.2022 wherein financial results for the quarter ended 31.12.2021 were considered for approval. The company inadvertently filed the intimation to Stock Exchange three days prior to the Board Meeting i.e. on 27.01.2022, whereas it was required to be filed on or before 25.01.2022.

The Company paid the fine of Rs. 10,000 levied by BSE Limited for the above mentioned non-compliance and the Board of Directors have noted the same in their Board meeting held on 30.03.2022.

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

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

- (iv) Whistle Blower Policy :

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

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

It is affirmed that no personnel have been denied access to the Audit Committee.

- (v) 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.

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

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

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

- (ix) Walker Chandiook & Co. LLP Chartered Accountants (Firm Registration No.001076N/ N500013) has been appointed as the Statutory Auditor of the Company. The particulars of payment of Statutory Auditors' fees for all the services provided by them, on consolidated basis is : ₹ 50.10 Lakhs.

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

- (xi) Disclosure of Loans and advances in the nature of Loans to firms/companies in which directors are interested by name and amount : The company has not provided loans and advances in the nature of Loan to firms/companies in which directors are interested.

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

- Modified opinion(s) in audit report: The auditor's report on financial statements of the Company are unqualified.
- Reporting of Internal Auditors: Internal auditors of the Company make quarterly presentations to the audit committee on their reports.

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

Dr. Anwar Siraj. Daud, Managing Director, Mr. Zulfiquar Murtaza Kamal, Director (Finance) and Mr. Shyam Mohan Patro, Chief Financial Officer of the Company have furnished to the Board, the requisite Compliance Certificate under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31.03.2022.

- (xiv) Compliance with corporate governance requirements.

The Company has complied with the requirements of corporate governance specified in Regulation 17 to 27 and clause (b) to (i) of sub-regulation of Regulation 46 of the SEBI Listing Regulations. Compliance Certificate issued by the Ms. Yuti Nagarkar, Company Secretary in Practices regarding compliance of conditions of corporate governance is annexed forms part of this report.

Disclosures with respect to demat suspense account/ unclaimed suspense account:

In accordance with the requirement of Regulation 34 (3) and Part F of the Schedule V of the Listing Regulations 2015, the Company reports the following details in respect of equity shares lying in the Unclaimed Suspense account :

Particulars	Number of shareholders	Number of Equity Shares
Aggregate number of shareholders and outstanding shares in the suspense account at the beginning of the Financial Year 2022	1,718	3,07,010
Less: Number of shareholders who approached the Company for transfer of shares and shares transferred from Suspense Account during Financial Year 2022	NIL	NIL
Less: Number of shares Transferred to Investor Education and Protection Fund (IEPF)	NIL	NIL
Aggregate number of shareholders and outstanding shares in the suspense account at the end of the Financial Year 2022	1,718	3,07,010

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Code of Conduct :

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

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

Declaration on Code of Conduct

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

I hereby certify that the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Ethics and Business conduct for the year 2021-22

For and on behalf of the Board of Directors

(Anwar Siraj Daud)

Chairman

DIN : 00023529

Place : Nagpur

Date : 25.08.2022

CEO AND CFO COMPLIANCE CERTIFICATE

To

The Board of Directors of
ZIM Laboratories Limited

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

- A. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2022 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee :
1. significant changes in internal control over financial reporting during the year;
 2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

(Anwar Daud)
Managing Director

(Zulfiqar Kamal)
Director (Finance)

(Shyam Mohan Patro)
Chief Financial Officer

Place : Nagpur

Date : 21.05.2022

CERTIFICATE ON CORPORATE GOVERNANCE

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

- I have examined the compliance of the conditions of Corporate Governance by ZIM Laboratories Limited ('the Company') for the year ended on March 31, 2022, as stipulated under Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments from time to time ("SEBI Listing Regulations").

Management's Responsibility

- The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Opinion

- Based on my examination of the relevant records and according to the information and explanations provided to me and the representations provided by the Management, in my opinion the Company has complied in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31st March, 2022.
- I state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Date: 05.06.2022
Place: Nagpur

Yuti Nagarkar
Practicing Company Secretary
FCS No. 9317
CP No. 10802
PR: 1344/2021
UDIN: F009317D000463641

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In my opinion and to the best of my information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	DIN	Name of Director	Date of appointment
1	00023529	Dr. Anwar Daud	01/04/2009
2	01786763	Mr. Zulfiquar Kamal	19/10/2012
3	02007385	Mr. Prakash Sapkal	22/11/2013
4	02007428	Mr. Niraj Dhadiwal	22/11/2013
5	02185462	Dr. Naresh Gaikwad	03/03/2010
6	02456416	Dr. Veerendra Parashar	19/07/2008
7	03010382	Mr. Suprakash Chakravarty	19/10/2012
8	07943519	Mrs. Kavita Loya	21/09/2017
9	07944709	Mr. Padmakar Joshi	21/09/2017

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

Place: Nagpur
Date: 02.06.2022

(CS Roshni Jethani)
Practicing Company Secretary
Membership No. 48849
COP No. 17722
UDIN : A048849D000453429

Annexure - V

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

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

Name of the Director	Ratio with median Remuneration
Dr. Anwar Daud	28.59
Mr. Zulfiqar Kamal	19.66
Mr. Riaz Kamal (upto 30 June 2021)	1.43
Mr. Niraj Dhadiwal	17.91
Mr. Prakash Sapkal	17.67
Dr. Naresh Gaikwad	0.24
Dr. V.V. Parashar	0.24
Mr. Suprakash. Chakravarty	0.24
Mr. Padmakar Joshi	0.24
Mrs. Kavita Loya	0.24

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

Name of the Director	% Increase in Remuneration in FY 2021-22
Dr. Anwar Daud	9.1%
Mr. Zulfiqar Kamal	11.9%
*Mr. Riaz Ahmed Kamal	NIL
Mr. Niraj Dhadiwal	27.8%
Mr. Prakash Sapkal	28.3%
Dr. V.V. Parashar	NIL
Dr. Naresh Gaikwad	NIL
Mr. Suprakash Chakravarty	NIL
Ms. Kavita Loya	NIL
Mr. Padmakar Joshi	NIL
**Mr. Shyam Mohan Patro	11.5%
**Mr. Piyush Nikhade	26.5%

*Mr. Riaz Ahmed Kamal ceased to be Director on the Board of the Company w.e.f 01/07/2021. Post-employment benefit of Rs. 44.38 lakhs paid to Mr. Riaz Ahmed Kamal is excluded in the calculation.

**One time reward has been excluded for the purpose of calculation of increase in remuneration.

- (iii) percentage increase in the median remuneration of employees in the financial year : 14.1%
- (iv) the number of permanent employees on the rolls of company : 505
- (v) Average percentage change made in the salaries of eligible employees other than the managerial personnel in the financial year ending March 31, 2022 was approximately 6.7% and the average increase in the managerial personnel remuneration was 11.4%.
- (vi) The Company affirms that the remuneration paid for FY 2021-22 to the Managerial and Non-Managerial Personnel is as per the remuneration policy of the Company.
- (vii) The statement containing particulars of employees as required under section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

Annexure - VI

FORM AOC - 1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 and rule 8(1) of the Companies (Accounts) Rules, 2014) Statement containing salient features of the financial statement of subsidiaries as on 31.03.2022

Sr. No.	Particulars	Name of the Subsidiary			
		ZIM Laboratories FZE	ZIM Health Technologies Limited	SIA ZIM Laboratories Limited	ZIM Thinorals Private Limited
1	Date since when subsidiary was acquired/ incorporated	09.06.2014	16.05.2019*	06.09.2019	18.05.2021
2	Reporting currency	AED	INR	EURO	INR
3	Exchange Rate as on 31.03.2022	20.64	1.00	84.22	1.00
4	Share Capital	731.57	40.00	30.87	10.00
5	Reserves & Surplus	584.95	35.38	(76.75)	(0.16)
6	Total Assets	1941.91	114.48	35.17	9.91
7	Total Liabilities	625.39	39.10	81.05	0.07
8	Investments	-	-	-	-
9	Turnover	3821.44	202.00	-	-
10	Profit / (Loss) before Tax	163.31	79.32	(67.87)	(0.16)
11	Provision for Tax	-	20.82	-	-
12	Profit / (Loss) after Tax	163.31	58.50	(67.87)	(0.16)
13	Proposed Dividend	-	-	-	-
14	Extent of Shareholding (in percentage)	100%	100%	100%	100%

*The date of Board approval for acquisition of the Company is considered as the date of acquisition.

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

(Anwar Siraj Daud)
Managing Director

(Zulfiqar Kamal)
Director (Finance)

Place: Nagpur
Date: 21.05.2022

(Shyam Mohan Patro)
Chief Financial Officer

(Piyush Nikhade)
Company Secretary

Notes:

- Names of subsidiaries, which are yet to commence operations:
 - ZIM Thinorals Private Limited
 - SIA ZIM Laboratories Limited
- Names of subsidiaries, which have been liquidated or sold during the year : Not Applicable.

Independent Auditor's Report

To the Members of ZIM Laboratories Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of ZIM Laboratories Limited ('the Company'), which comprise the Standalone Balance Sheet as at 31 March 2022, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flow and the Standalone Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements ("the financial statements") give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matter

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

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

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

Key audit matter	How our audit addressed the key audit matter
<p>For capitalized marketing rights, the key risk is the ability to successfully commercialize the individual product concerned in the respective geography over the expected timelines.</p> <p>The assumptions/judgement applied by management in determining the recoverable value of such rights include expected contributions from projected business generated in respective countries. Changes in these assumptions could lead to an impairment to the carrying value of the intangible asset.</p> <p>Considering the amounts involved, inherent subjectivity and significant management judgement involved to estimate the recoverable value of the marketing rights, the matter has been considered to be a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"> In respect of marketing rights for products that have received regulatory approvals, we assessed the useful life and amortization period for the capitalized costs and challenged their total estimated profitability based on results achieved till date In respect of marketing rights for products that are no longer considered viable, we determined whether the carrying amount had been appropriately written off. Evaluated the adequacy of the related disclosures made in the standalone financial statements.

Information other than the Financial Statements and Auditor's Report thereon

6. Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles

generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

- In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
- Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
- As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
 - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
 - in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - The standalone financial statements dealt with by this report are in agreement with the books of account;
 - in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
 - On the basis of the written representations received from the directors and taken on record by the Board

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

of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- the Company, as detailed in note 46 (A) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2022;
 - the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;
 - The following delay was noted in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022;

Amount(Due date	Date of payment
561,230	29 December 2021	7 April 2022

- iv. a) The management has represented that, to the best of its knowledge and belief, on the date of this audit report, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entity, including foreign entities ('the intermediaries'), with the understanding, whether recorded in

writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- The management has represented that, to the best of its knowledge and belief, on the date of this audit report, no funds have been received by the Company from any person or entity, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year ended 31 March 2022.

For Walker Chandio & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Adi P. Sethna

Partner

Membership No.: 108840

UDIN: 22108840AJIRHV9383

Place: Nagpur

Date: 21 May 2022

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

Annexure I referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of ZIM Laboratories Limited on the Standalone financial statements for the year ended 31 March 2022

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.
 - The Company has maintained proper records showing full particulars of intangible assets.
 - (b) The Company has a regular program of physical verification of its property, plant and equipment and right of use assets under which the assets are physically verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.
 - (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
 - (d) The Company has not revalued any of its Property, Plant and Equipment, Right of Use assets and intangible asset during the year.
 - (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.
 - (b) The Company has a working capital limit in excess of Rs 5 crore sanctioned by banks based on the security of current assets. The quarterly returns, in respect of the working capital limits have been filed by the Company with such banks and such returns are in agreement with the books of account of the Company for the respective periods, which were not subject to audit.

- (a) During the year, the Company has not provided any loans or provided any advances in the nature of loans, or guarantee, or security to any other entity or party. Accordingly, reporting under clauses 3(iii)(a) of the Order is not applicable to the Company.
- (b) The Company has not provided any guarantee or given any security or granted any loans or advances in the nature of loans during the year. However, the Company has made investment in one wholly owned subsidiary, amounting to IRN 10 lakhs (year-end balance INR 10 lakhs) and in our opinion, and according to the information and explanations given to us, the investments made are, prima facie, not prejudicial to the interest of the Company.
- (c) The Company does not have any outstanding loans and advances in the nature of loans at the beginning of the current year nor has granted any loans or advances in the nature of loans during the year. Accordingly, reporting under clauses 3(iii)(c), 3(iii)(e) and 3(iii)(f) of the Order is not applicable to the Company.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of investments, as applicable. Further, the Company has not entered into any transaction covered under section 185 and section 186 of the Act in respect of loans, guarantees and security.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and

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

other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (Rs. In lakhs)	Amount paid under Protest (Rs. In lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	395.94	84.00	Assessment Year 2008-09, 2009-10 and 2011-12 to 2013-14	Commissioner of Income Tax (Appeal)
		155.48	50.10	Assessment Year 2010-11	Income Tax Appellate Tribunal
The Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act, 1965	Gram panchayat tax	13.70	-	Financial year 2009-10 to 2021-22	Kalmeshwar Municipal Council

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including confirmations received from banks, representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us, money raised during the year by way of term loans were applied for the purposes for which these were obtained.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company does not have any associate or joint venture.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.
- (b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

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

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of

financial liabilities, other information accompanying the financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting, nothing has come to our attention, which causes us to believe that material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) According to the information and explanations given to us, the Company does not have any unspent amount in respect of any ongoing or other than ongoing project as at the expiry of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxi) is not applicable in respect of audit of financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For Walker Chandio & Co LLP

Chartered Accountants
Firm's Registration No.: 001076N/N500013

Adi P. Sethna

Partner
Membership No.: 108840
UDIN: 22108840AJIRHV9383

Place: Nagpur
Date: 21 May 2022

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

Annexure II to the Independent Auditor's Report of even date to the members of ZIM Laboratories Limited on the standalone financial statements for the year ended 31 March 2022

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

1. In conjunction with our audit of the standalone financial statements of ZIM Laboratories Limited ('the Company') as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Standalone Financial Statements

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

reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

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

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

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to

standalone financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Adi P. Sethna
Partner

Membership No.: 108840
UDIN: 22108840AJIRHV9383

Place: Nagpur
Date: 21 May 2022

Standalone Balance Sheet

as at 31 March 2022

	Note	As at March 31, 2022	As at March 31, 2021
(₹ in Lakhs)			
ASSETS			
Non-current assets			
Property, plant and equipment	3	10,172.43	10,067.00
Capital work-in-progress	4	509.74	456.13
Intangible assets	5(A)	158.15	247.68
Intangible assets under development	5(B)	632.67	589.98
Investment in subsidiaries	6	812.44	802.44
Financial Assets			
Investments	6A	5.15	5.15
Other financial assets	7	155.63	269.85
Deferred tax assets (net)	8	-	253.91
Income tax assets (net)	9	349.77	472.47
Other non-current assets	10	686.58	566.15
		13,482.56	13,730.76
Current assets			
Inventories	11	7,528.42	5,434.72
Financial Assets			
Trade receivables	12	8,088.84	6,394.97
Cash and cash equivalents	13	54.22	90.39
Bank balances other than cash and cash equivalents	14	155.15	695.91
Loans	15	2.14	8.20
Other financial assets	16	847.91	980.61
Other current assets	17	3,382.97	4,692.27
		20,059.65	18,297.07
TOTAL ASSETS		33,542.21	32,027.83
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	1,624.19	1,624.19
Other equity	19	15,386.41	14,080.57
		17,010.60	15,704.76
Liabilities			
Non-current liabilities			
Financial Liabilities	20	1,892.34	2,182.92
Borrowings	21	72.23	16.75
Lease liabilities	8	36.33	-
Deferred tax liabilities (net)		2,000.90	2,199.67
Current liabilities			
Financial Liabilities			
Borrowings	22	3,226.05	5,924.08
Lease liabilities	23	140.74	108.22
Trade payables	24	-	-
- total outstanding due of micro enterprises and small enterprises		191.80	148.33
- total outstanding due of creditors other than micro enterprises and small enterprises		7,997.88	6,359.42
Other financial liabilities	25	417.24	481.90
Other current liabilities	26	2,278.76	961.07
Provisions	27	71.68	140.38
Current tax liabilities (net)	28	206.56	-
		14,530.71	14,123.40
TOTAL LIABILITIES		16,531.61	16,323.07
TOTAL EQUITY AND LIABILITIES		33,542.21	32,027.83
Significant accounting policies and other explanatory information	1 - 53		

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

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

Adi P. Sethna
Partner
Membership No.: 108840

Place: Nagpur
Date: 21 May 2022

For and on behalf of the Board of Directors

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiqar M. Kamal
Director (Finance)
DIN: 01786763

Shyam Mohan Patro
Chief Financial Officer

Piyush Nikhade
Company Secretary

Place: Nagpur
Date: 21 May 2022

Standalone Statement of Profit and Loss

for the year ended 31 March 2022

	Note	Year ended 31 March 2022	Year ended 31 March 2021
(₹ in lakhs)			
I Income			
Revenue from operations	29	32,949.37	30,362.94
Other income	30	450.62	244.90
Total Income		33,399.99	30,607.84
II Expenses			
Cost of materials consumed	31	16,060.98	15,282.21
Purchase of stock in trade	32	940.64	691.59
Changes in inventories of finished goods and work-in-progress	33	(966.90)	(110.53)
Employee benefits expense	34	3,863.28	3,448.34
Finance costs	35	830.62	1,088.56
Depreciation and amortisation expense	36	1,483.74	1,461.38
Other expenses	37	9,257.97	7,370.20
Total Expenses		31,470.33	29,231.75
III Profit before exceptional item and tax		1,929.66	1,376.09
Exceptional Items- loss	37(A)	-	(518.08)
IV Profit before tax		1,929.66	858.01
V Tax (expense)/credit:	38		
(i) Current Tax		(340.37)	(1.32)
(ii) Tax adjustment pertaining to earlier years		0.35	(0.35)
(iii) Deferred Tax		(288.36)	(294.72)
		(628.38)	(296.39)
VI Net Profit after tax		1,301.28	561.62
VII Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
- Measurements of defined employee benefit plans		6.44	(54.32)
- Income tax relating to items that will not be reclassified to profit or loss		(1.88)	15.82
		4.56	(38.50)
VIII Total Comprehensive Income		1,305.84	523.12
IX Earnings per equity share: Nominal value of Rs. 10 each	51		
Basic (In Rs.)		8.01	3.46
Diluted (In Rs.)		8.01	3.46
Significant accounting policies and other explanatory information	1 - 53		

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

For and on behalf of the Board of Directors

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

Adi P. Sethna
Partner
Membership No.: 108840

Place: Nagpur
Date: 21 May 2022

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiqar M. Kamal
Director (Finance)
DIN: 01786763

Shyam Mohan Patro
Chief Financial Officer

Piyush Nikhade
Company Secretary

Place: Nagpur
Date: 21 May 2022

Standalone Statement of Cash Flow

for the year ended 31 March 2022

	(₹ in lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Cash flow from operating activities		
Profit before exceptional item and tax	1,929.66	1,376.09
Depreciation and amortisation expense	1,483.74	1,461.38
Government Incentive	(8.20)	(8.20)
Interest on Lease deposits	(8.26)	(7.95)
(Gain) on sale of property, plant and equipment (net)	(5.70)	(0.60)
Property, plant and equipment written off	0.30	-
Unrealized foreign exchange (gain)	(97.63)	(85.61)
Provision for employee benefits	(100.82)	(19.87)
Dividend income on investments	(0.60)	-
Interest income	(17.28)	(34.02)
Bad debts written off	-	66.82
Finance costs	830.62	1,088.56
Operating profit before working capital changes	4,005.83	3,836.60
Movement in working capital:		
Increase in trade & other payables and provisions	3,009.16	211.34
(Increase)/decrease in inventories	(2,093.70)	204.19
(Increase) in trade and other receivables	(195.94)	(956.31)
Net Cash generated from operations	4,725.35	3,295.82
Direct taxes paid (net of refunds)	(22.70)	(106.15)
Net cash generated from operating activities (A)	4,702.65	3,189.67
Cash flow from investing activities		
Purchases of property, plant and equipment and intangibles (refer note i)	(1,497.17)	(629.87)
Sale proceeds of property, plant and equipment	16.00	0.59
Investment in subsidiaries	(10.00)	-
Maturity in bank deposits (having original maturity of more than three months)	29.95	19.73
Interest received	18.85	39.30
Dividend received	0.60	-
Net cash (used in) investing activities (B)	(1,441.77)	(570.25)
Cash flow from financing activities		
Proceeds from issue of equity share	-	6.12
Proceeds from long term borrowings	2,707.01	1,916.77
(Repayment) of long term borrowings	(2,993.00)	(2,349.45)
(Repayment) of short term borrowings	(2,737.85)	(516.22)
(Repayment) of lease obligations	(122.58)	(139.40)
Deposits matured / (placed) with bank towards margin money against borrowings (net)	642.01	(488.65)
Finance costs paid	(792.64)	(1,025.33)
Changes in unclaimed dividend bank balances	16.78	2.44
Dividends paid on equity shares (including unclaimed)	(16.78)	(2.44)
Net cash (used in) financing activities (C)	(3,297.05)	(2,596.16)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(36.17)	23.26

Standalone Statement of Cash Flow (Continued....)

for the year ended 31 March 2022

	(₹ in lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Opening cash and cash equivalents	90.39	67.13
Closing cash and cash equivalents	54.22	90.39
Components of cash and cash equivalents		
Cash on hand	13.41	6.18
Balances with banks in:		
- Current accounts	40.81	84.21
Total cash and cash equivalents (Refer note 13)	54.22	90.39

Notes:

- Includes capital work-in-progress, capital advance, payables for property, plant and equipment and intangible assets under development.
- The statement of cash flow has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) Statement of Cash Flows.

Significant accounting policies and other explanatory information 1 - 53

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

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

Adi P. Sethna
Partner
Membership No.: 108840

Place: Mumbai
Date: 21 May 2022

For and on behalf of the Board of Directors

Anwar S. Daud Managing Director DIN: 00023529	Zulfiqar M. Kamal Director (Finance) DIN: 01786763
Shyam Mohan Patro Chief Financial Officer	Piyush Nikhade Company Secretary

Place: Nagpur
Date: 21 May 2022

Standalone Statement of Changes in Equity

for the year ended 31 March 2022

Equity share capital (Refer note 18)

	Number of shares	₹ lakhs
As at 01 April 2020	16,180,722	1,618.07
Changes during the year	61,216	6.12
As at 31 March 2021	16,241,938	1,624.19
Changes during the year	-	-
As at 31 March 2022	16,241,938	1,624.19

Other equity (Refer note 19)

	Reserves & Surplus			Employee stock options	Total
	Securities premium	General reserve	Retained earnings		
Opening balance as at 1 April 2020	4,063.09	106.20	9,352.38	35.78	13,557.45
Transactions during the year					
Total comprehensive income for the year					
Profit for the year	-	-	561.62	-	561.62
Transfer from ESOP	35.78	-	-	(35.78)	-
OCI for the year	-	-	(38.50)	-	(38.50)
Closing balance as at 31 March 2021	4,098.87	106.20	9,875.50	-	14,080.57
Transactions during the year					
Total comprehensive income for the year					
Profit for the year	-	-	1,301.28	-	1,301.28
OCI for the year	-	-	4.56	-	4.56
Closing balance as at 31 March 2022	4,098.87	106.20	11,181.34	-	15,386.41

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

For and on behalf of the Board of Directors

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

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiqar M. Kamal
Director (Finance)
DIN: 01786763

Adi P. Sethna
Partner
Membership No.: 108840

Shyam Mohan Patro
Chief Financial Officer

Piyush Nikhade
Company Secretary

Place: Nagpur
Date: 21 May 2022

Place: Nagpur
Date: 21 May 2022

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

for the year ended 31 March 2022

1. Background of the Company

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

The standalone financial statements ('the financial statements') of the Company for the year ended 31 March 2022 were authorised for issue in accordance with resolution of the Board of Directors on 21 May 2022.

2. Basis for preparation of financial Statements

(i) Compliance with Ind AS

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

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

(ii) Historical cost convention

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

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

(iii) Current and non-current classification

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

(iv) Rounding of amounts

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

2.1 Significant Accounting Policies

a Use of estimates

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

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

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

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

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

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

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

c Depreciation methods and estimated useful lives

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

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

for the year ended 31 March 2022

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

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

d Intangible assets (including Intangible assets under development)

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

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

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

e Research and development costs

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

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

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

f Measurement and recognition of leases

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

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

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

Company as a lessee

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

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

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

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

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

for the year ended 31 March 2022

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

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

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

Company as a lessor

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

g Borrowings and other financial liabilities

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

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

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

h Borrowing costs

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

i Impairment of non-financial assets

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

j Government grants

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

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

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

k Investments in subsidiaries

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

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

for the year ended 31 March 2022

I Investments and financial assets

Classification

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

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

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

Measurement

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

Measurement of debt instruments

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

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

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

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

Measurement of equity instruments

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

Impairment of financial assets

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

De-recognition of financial assets

A financial asset is derecognised only when

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

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset.

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

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

Interest income from financial assets

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

m Derivatives and embedded derivatives

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

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

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

n Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original

maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

o Inventories

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

p Foreign Currency Transactions

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

q Revenue Recognition

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

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

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

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

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or

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- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

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

Other operating revenue -

Product development service income

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

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

Export incentives

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

r Other Income

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

s Employee Benefits

Defined Contribution Plan

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

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

Defined Benefit Plan - Gratuity

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

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

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

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

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

Compensated Absences

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

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Termination Benefits

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

Short-term benefits

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

t Current and Deferred Tax

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

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

Deferred tax assets (Including Minimum Alternate Tax(MAT)) are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the

use of any unused tax loss or credit. Deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

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

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

u Provisions and Contingent Liabilities

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

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

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

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v Earnings per share

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

w Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2022.

x Critical estimates and judgements

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

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

The areas involving critical estimates or judgement are:

- Useful life and residual value of property, plant and equipment (PPE) and intangible assets
- Revenue Recognition
- Recognition and measurement of defined benefit obligations
- Valuation of taxes on income
- Provisions
- Share-based payments
- Impairment of financial assets (Refer note 12)

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

for the year ended 31 March 2022

3 Property, plant and equipment

	(₹ in lakhs)									
	Freehold Land	Buildings	Plant and equipment	Electric Installation	Furniture and Fixtures	Office Equipments	Vehicles	Right to use Assets Leasehold Land	Other Right to use Assets	Total
Gross carrying amount										
Balance as at 1 April 20	1,023.32	4,293.73	6,840.69	162.74	885.16	272.05	174.75	485.23	395.41	14,533.08
Additions	-	70.17	289.65	-	72.38	44.36	-	97.80	85.58	659.94
Deletions	61.75	-	12.68	-	-	-	-	-	-	74.43
Balance as at 31 March 2021	961.57	4,363.90	7,117.66	162.74	957.54	316.41	174.75	583.03	480.99	15,118.59
Additions	-	350.10	565.70	-	96.76	91.70	-	62.48	238.28	1,405.02
Deletions	-	-	48.42	-	-	-	2.56	-	-	50.98
Balance as at 31 March 2022	961.57	4,714.00	7,634.94	162.74	1,054.30	408.11	172.19	645.51	719.27	16,472.63
Accumulated Depreciation/Amortisation										
Balance as at 1 April 20	-	607.79	2,428.66	87.92	313.47	181.71	86.68	3.18	80.82	3,790.23
Charge for the year	-	160.95	747.91	22.14	98.03	49.27	21.56	2.99	171.19	1,274.04
Deletions	-	-	12.68	-	-	-	-	-	-	12.68
Balance as at 31 March 2021	-	768.74	3,163.89	110.06	411.50	230.98	108.24	6.17	252.01	5,051.59
Charge for the year	-	166.06	715.25	16.87	101.41	51.33	14.14	5.70	218.22	1,288.98
Deletions	-	-	37.81	-	-	-	2.56	-	-	40.37
Balance as at 31 March 2022	-	934.80	3,841.33	126.93	512.91	282.31	119.82	11.87	470.23	6,300.20
Net carrying amount										
Balance as at 31 March 2021	961.57	3,595.16	3,953.77	52.68	546.04	85.43	66.51	576.86	228.98	10,067.00
Balance as at 31 March 2022	961.57	3,779.20	3,793.61	35.81	541.39	125.80	52.37	633.64	249.04	10,172.43

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

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Current :

12 Trade receivables (Unsecured, refer note (a) and (b) below) (Contd.)

(a) Nature of Security

The Company had entered into an escrow agreement in 2017 (with subsequent renewals), with one of its shareholder wherein the shareholder has provided his holding to the extent of 10 Lakhs equity shares (including 5 Lakhs bonus shares) as security towards realization of certain aged trade receivables. The shares held in escrow account are proposed to be liquidated to meet the shortfall, if any, from recoveries of covered trade receivables. Accordingly, the final amount of recovery (security value) would depend on the shortfall in collections and future market value of equity shares at the time of settlement. However, till date Company has not been able to liquidate the equity shares held as security for realizing the receivables outstanding post partial recoveries against the original outstanding balance. Accordingly, the Company has conservatively written off the aforementioned trade receivables (net of amounts provided in earlier years) during the year ended 31 March 2021. (Refer note 37 (A)).

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

Refer note 40 for information about credit risk and market risk of trade receivables.

13 Cash and cash equivalents

	(₹ in lakhs)	
	As at 31 March 2022	As at 31 March 2021
Cash on hand	13.41	6.18
Balances with banks in current accounts	40.81	84.21
	54.22	90.39

14 Bank balances other than cash and cash equivalents

	(₹ in lakhs)	
	As at 31 March 2022	As at 31 March 2021
Unclaimed dividend accounts	25.70	42.48
Margin money deposits	129.45	653.43
Deposit includes fixed deposits with banks Rs. 129.45 lakhs (Rs. 653.43 lakhs as at 31 March 2021) marked as lien against guarantees issued by banks on behalf of the Company and against borrowings obtained by the Company		
	155.15	695.91

15 Loans

	(₹ in lakhs)	
	As at 31 March 2022	As at 31 March 2021
(Unsecured, considered good)		
Loans to employees	2.14	8.20
	2.14	8.20
Break-up of security details		
Loans considered good - secured	-	-
Loans considered good - unsecured	2.14	8.20
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	2.14	8.20
Loss allowance	-	-
Total current loans	2.14	8.20

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

for the year ended 31 March 2022

Current :

16 Other financial assets

	(₹ in lakhs)	
	As at 31 March 2022	As at 31 March 2021
(Unsecured, considered good)		
Earnest money and security deposits	21.37	25.79
Interest Receivable:		
from Banks	1.13	2.70
Others	2.81	11.77
Unbilled revenue	822.60	940.35
	847.91	980.61

17 Other current assets

	(₹ in lakhs)	
	As at 31 March 2022	As at 31 March 2021
(Unsecured, considered good unless otherwise specified)		
Advances other than capital advances		
Advance to suppliers - considered good	794.89	1,490.02
Advance against expenses to related party (Refer note 45)	-	4.79
Advances recoverable in kind for value to be received		
Balances with government authorities	2,451.41	3,057.02
Prepaid expenses	98.12	140.44
Gratuity- Plan Assets (Refer note 47)	38.55	-
	3,382.97	4,692.27

18 Equity share capital

	(₹ in lakhs)	
	As at 31 March 2022	As at 31 March 2021
Authorised		
25,000,000 (31 March 2021: 25,000,000) equity shares of Rs. 10 each	2,500.00	2,500.00
Issued		
16,241,938 (31 March 2021: 16,241,938) equity shares of Rs. 10 each fully paid up	1,624.19	1,624.19
Subscribed and Paid-Up:		
16,241,938 (31 March 2021: 16,241,938) equity shares of Rs. 10 each fully paid up	1,624.19	1,624.19
	1,624.19	1,624.19

(a) Reconciliation of Share Capital:

	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	₹ lakhs	No. of Shares	₹ lakhs
Balance as at the beginning of the year	1,62,41,938	1,624.19	1,61,80,722	1,618.07
Add: Shares issued during the year	-	-	61,216	6.12
Balance as at the end of the year	1,62,41,938	1,624.19	1,62,41,938	1,624.19

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18 Equity share capital (Contd.)

(b) Rights, preferences and restrictions

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

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

	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Equity Shares:				
AA Development Capital India Fund 1, LLC	-	0.00%	35,65,304	21.95%
Mathew Cyriac	35,50,900	21.86%	-	0.00%
Anwar Daud*	44,45,440	27.37%	44,45,440	27.37%
Zakir Vali	28,49,140	17.54%	28,49,140	17.54%

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

(d) Shares reserved for issue under options

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

(e) Details of shares held by promoters

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
As at 31 March 2022					
Anwar Daud	44,45,440	-	44,45,440	27.37%	0.00%
Zulfiquar Kamal	398,020	-	398,020	2.45%	0.00%
Tasneem Daud	10,000	-	10,000	0.06%	0.00%
Sabbah Kamal	5,00,000	-	5,00,000	3.08%	0.00%
Shabbar Daud	14,000	-	14,000	0.09%	0.00%
Hasan Kamal	34,800	-	34,800	0.21%	0.00%
Zahida Kamal	400	-	400	0.00%	0.00%
Total	54,02,660	-	54,02,660	33.26%	0.00%
As at 31 March 2021					
Anwar Daud	44,45,440	-	44,45,440	27.37%	0.00%
Zulfiquar Kamal	398,020	-	398,020	2.45%	0.00%
Tasneem Daud	10,000	-	10,000	0.06%	0.00%
Shabbar Daud	14,000	-	14,000	0.09%	0.00%
Sabbah Kamal	5,00,000	-	5,00,000	3.08%	0.00%
Hasan Kamal	34,800	-	34,800	0.21%	0.00%
Zahida Kamal	400	-	400	0.00%	0.00%
Total	54,02,660	-	54,02,660	33.26%	0.00%

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19 Other equity

	(₹ in lakhs)	
	As at 31 March 2022	As at 31 March 2021
Securities premium *	4,098.87	4,098.87
General reserve	106.20	106.20
Employee stock options **	-	-
Retained earnings ***	11,181.34	9,875.50
Total	15,386.41	14,080.57
* Securities premium		
Balance as at the beginning of the year	4,098.87	4,063.09
Add : Additions made during the year	-	35.78
Balance at the end of the year	4,098.87	4,098.87
Nature and Purpose - Security premium is used to record the premium on issue of shares, the reserve is utilised in accordance with the provisions of the Companies Act, 2013		
** Employee stock options		
Balance at the beginning of the year	-	35.78
Less: Transfer to securities premium account on exercise of stock options	-	35.78
Balance at the end of the year	-	-
*** Retained earnings		
Balance as at the beginning of the year	9,875.50	9,352.38
Net profit for the year	1,301.28	561.62
Transfer from other comprehensive income	4.56	(38.50)
Net surplus in the Statement of Profit and Loss	11,181.34	9,875.50

20 Non-current borrowings

	(₹ in lakhs)	
	As at 31 March 2022	As at 31 March 2021
Secured		
Non-convertible debentures (NCD's)	-	1,949.88
Term Loans from banks		
- Indian rupee loan	2,376.53	1,694.20
- Vehicle Loans	-	2.92
From Non-Banking Financial Company (NBFC) (Indian rupee loan)	1,007.41	-
	3,383.94	3,647.00
Less: Current maturities of long term borrowings (Refer note 22)	(1,491.60)	(1,464.08)
	1,892.34	2,182.92

Nature of security and terms of repayment for secured borrowings

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

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for the year ended 31 March 2022

20 Non-current borrowings (Contd.)

(ii)

	As at 31 March 2022			As at 31 March 2021		
	Principal o/s	Effective interest rate in %	Repayment terms	Principal o/s	Effective interest rate in %	Repayment terms
Indian rupee loan from banks						
Bank of India (Repayment start from: December 2020 and last installment in June 2022)	45.20	1 year MCLR (7.35%)	Repayable in 18 monthly Installments of Rs. 7.97 lakhs for 6 months and Rs. 22.59 lakhs for next 12 months	287.10	1 year MCLR (7.70%)	Repayable in 18 monthly Installments of Rs. 7.97 lakhs for 6 months and Rs. 22.59 lakhs for next 12 months
Bank of India (Repayment start from: February 2022 and last installment in February 2026)	529.60	MCLR +1% (8.25%)	Repayable in 48 equated monthly Installments of Rs. 13.52 lakhs	550.00	MCLR +1% (8.35%)	Repayable in 48 equated monthly Installments of Rs. 13.52 lakhs
Bank of India (Repayment start from: May 2022 and last installment in May 2026)	390.00	MCLR +1% (8.35%)	Repayable in 48 equated monthly Installments of Rs. 9.58 lakhs	-	-	-
Bank of India (Repayment start from: November 2023 and last installment in November 2027)	279.00	RBLR +1% (7.85%)	Repayable in 48 equated monthly Installments of Rs. 6.79 lakhs	-	-	-
SVC Co-Operative Bank Limited, (Repayment start from: January 2021 and last installment in January 2023)	582.74	PLR minus 7.55% (10.50%)	Repayable in 36 equated monthly Installments of Rs. 29.27 lakhs	857.10	PLR minus 7.55% (10.50%)	Repayable in 36 equated monthly Installments of Rs. 29.27 lakhs
SVC Co-Operative Bank Limited, (Repayment start from: January 2024 and last installment in January 2028)	549.99	PLR minus 9.80% (8.25%)	Repayable in 48 equated monthly Installments of Rs. 11.46 lakhs	-	-	-
Indian rupee loan from Non-Banking Financial Company (NBFC)						
Tata Capital Financial Services Limited (Repayment start from: August 2021 and last installment in April 2023)	1,018.12	LTR minus 9% (10.25%)	Repayable in 19 equated monthly Installments of Rs. 78.32 lakhs	-	-	-

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

for the year ended 31 March 2022

20 Non-current borrowings (Contd.)

(ii)

	As at 31 March 2022			As at 31 March 2021		
	Principal o/s	Effective interest rate in %	Repayment terms	Principal o/s	Effective interest rate in %	Repayment terms
Vehicle Loans from banks						
ICICI Bank Limited (Repayment start from : 31 October 2018 and last installment in August 2021)	-	-	-	2.92	8.70%	Repayable in 36 equated monthly Installments of Rs. 0.50 lakhs
Non-convertible debentures (NCD's)						
UTI Structured Debt Opportunities Fund NCD (Repayment start from : April 2019 and last installment in August 2021)	-	-	-	1,983.52	13.50%	Repayable in 48 equated monthly Installments of Rs. 94.77 lakhs
Deferred expense towards processing fees is netted of against loan.	(10.71)			(33.64)		
	3,383.94			3,647.00		

Assets Pledged as security

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

	(₹ in lakhs)	
	As at 31 March 2022	As at 31 March 2021
Non-current assets		
- Property, plant and equipment (including leasehold land but excluding other right to use assets)	15,753.36	14,637.60
Current assets	20,059.65	18,297.07
Total assets Pledged as security	35,813.01	32,934.67

21 Lease liabilities (Non-current)

	(₹ in lakhs)	
	As at 31 March 2022	As at 31 March 2021
Lease liabilities (Refer note 43)	72.23	16.75
	72.23	16.75

Current :

22 Borrowings

	(₹ in lakhs)	
	As at 31 March 2022	As at 31 March 2021
Secured		
- From Banks, repayable on demand		
- Cash credit / packing credit	1,734.45	4,460.00
Current maturities of long term borrowings	1,491.60	1,464.08
	3,226.05	5,924.08

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

for the year ended 31 March 2022

Current :

22 Borrowings (Contd.)

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

23 Lease liabilities

	As at 31 March 2022	As at 31 March 2021
Lease liabilities (Refer Note 43)	140.74	108.22
	140.74	108.22

24 Trade payables

	As at 31 March 2022	As at 31 March 2021
Dues of micro enterprises and small enterprises (Refer note below)	191.80	148.33
Payables to related parties (Refer note 45)	93.99	71.20
Dues of creditors other than micro enterprises and small enterprises	7,903.89	6,288.22
	8,189.68	6,507.75
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	191.80	148.33
- Interest due on above	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-
d. the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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

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

for the year ended 31 March 2022

24 Trade payables (Contd.)

Ageing of Trade payables

	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(₹ in lakhs)					
As at 31 March 2022					
Total outstanding dues of micro enterprises and small enterprises	191.80	-	-	-	191.80
Total outstanding dues of creditors other than micro enterprises and small enterprises	7,723.44	194.08	55.52	24.84	7,997.88
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
	7,915.24	194.08	55.52	24.84	8,189.68
As at 31 March 2021					
Total outstanding dues of micro enterprises and small enterprises	148.33	-	-	-	148.33
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,868.87	478.84	11.71	-	6,359.42
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
	6,017.20	478.84	11.71	-	6,507.75

25 Other financial liabilities

	As at 31 March 2022	As at 31 March 2021
(₹ in lakhs)		
Interest accrued but not due on borrowings	12.35	9.24
Un-claimed dividends*	25.70	42.48
Employee related liabilities	264.78	313.54
Payable for capital expenditure	114.41	113.55
Overdrawn bank balances as per books	-	3.09
	417.24	481.90

* There is delay in transferring unpaid dividend amount of Rs. 5.61 lakhs pertaining to FY 2013-14 (31 March 2021: Rs. 6.32 lakhs pertaining to FY 2012-13 and Rs. 6.87 lakhs pertaining to FY 2011-12) to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013. The aforesaid unpaid dividend could not be transferred due to administrative issues faced by the bankers of the Company. However, unpaid dividends as mentioned above have been transferred to the Investor Education and Protection fund subsequent to the year end.

26 Other current liabilities

	As at 31 March 2022	As at 31 March 2021
(₹ in lakhs)		
Advance received from customers (refer note 45)	2,098.39	776.60
Statutory dues	135.61	131.51
Deferred Government grants	44.76	52.96
	2,278.76	961.07

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

for the year ended 31 March 2022

27 Provisions

	As at 31 March 2022	As at 31 March 2021
(₹ in lakhs)		
Provision for employee benefits		
Provision for gratuity (Refer note 47)	-	76.09
Provision for compensated absences	71.68	64.29
	71.68	140.38

28 Current tax liabilities (net)

	As at 31 March 2022	As at 31 March 2021
(₹ in lakhs)		
Provision for tax (net of advance tax Rs. 145.75 lakhs) (31 March 2021 Rs. Nil)	206.56	-
	206.56	-

29 Revenue from operations

	Year ended 31 March 2022	Year ended 31 March 2021
(₹ in lakhs)		
Sale of products		
Manufactured goods	31,470.17	28,000.47
Stock in trade	961.07	832.68
Other operating revenue		
Product development income	-	536.67
Export incentives	269.88	734.64
Scrap Sales	6.36	3.97
Others	241.89	254.51
	32,949.37	30,362.94

Disclosure as per Ind AS 115

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

There are no variable components such as discounts, chargebacks, rebates, sales returns etc

B Disaggregation of revenue:

	Year ended 31 March 2022	Year ended 31 March 2021
(₹ in lakhs)		
Nature of segment		
A. Major Product/Service line:		
- Sale of pharmaceutical goods	32,431.24	28,833.15
- Product development income	-	536.67
- Others (Export incentives, Scrap sales, etc.)	518.13	993.12
Total revenue from contracts with customers	32,949.37	30,362.94

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

for the year ended 31 March 2022

29 Revenue from operations (Contd.)

B Disaggregation of revenue: (Contd.)

	Year ended 31 March 2022	Year ended 31 March 2021
(₹ in lakhs)		
Nature of segment		
B. Primary geographical market:		
- In India	6,329.69	7,609.80
- Outside India	26,619.68	22,753.14
Total revenue from contracts with customers	32,949.37	30,362.94
C. Timing of the revenue recognition:		
- Goods transferred at a point in time	32,949.37	29,826.27
- Services transferred over time	-	536.67
Total revenue from contracts with customers	32,949.37	30,362.94

C Contract Balances

Significant changes in contract asset balances are as follows:

	Year ended 31 March 2022	Year ended 31 March 2021
(₹ in lakhs)		
Contract Assets		
Opening Balance	940.35	475.67
Add: Revenue recognised during the year	-	536.67
Less: Invoiced during the year	117.75	71.99
Closing balance	822.60	940.35

D Outstanding service obligation regarding product development contracts

The Company has entered into contracts pertaining to product development projects. The outstanding service obligations pertaining to these contracts aggregates Rs. Nil (31 March 2021 : Nil) as at year end.

30 Other income

	Year ended 31 March 2022	Year ended 31 March 2021
(₹ in lakhs)		
Interest income on financial assets measured at amortised cost		
- Fixed deposits	17.28	34.02
- Others	11.15	34.48
Dividend income on investments	0.60	-
Exchange rate difference (net)	395.74	150.87
Apportioned income from government grant	8.20	8.20
Other non-operating income	17.65	17.33
	450.62	244.90

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

for the year ended 31 March 2022

31 Cost of materials consumed

	(₹ in lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Opening inventory	3,058.52	3,349.90
Add: Purchases	18,080.86	15,682.42
Less: Closing inventory	4,137.76	3,058.52
	17,001.62	15,973.80
Less: Cost of material sold	940.64	691.59
	16,060.98	15,282.21

32 Purchase of Stock in trade

	(₹ in lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Details of purchases of traded goods		
Tablets	-	27.57
Capsules	3.17	7.10
Bulk Drugs	937.47	656.92
	940.64	691.59

33 Changes in inventories of finished goods and work in progress

	(₹ in lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
At the end of the year		
Work in progress	1,265.94	1,073.59
Finished goods	1,869.27	1,094.72
	3,135.21	2,168.31
At the beginning of the year		
Work in progress	1,073.59	552.01
Finished goods	1,094.72	1,505.77
	2,168.31	2,057.78
	(966.90)	(110.53)

34 Employee benefits expense

	(₹ in lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, wages and bonus	3,519.92	3,162.68
Contribution to provident and other funds (Refer note 46(A) and 47(a))	122.47	120.85
Gratuity expense (Refer note 47)	57.87	51.87
Staff welfare expenses	163.02	112.94
	3,863.28	3,448.34

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

for the year ended 31 March 2022

35 Finance costs

	(₹ in lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Interest on NCD's	113.77	332.22
Interest on other borrowings:		
- From banks	591.19	616.20
Interest on delayed payment of income tax	11.97	1.36
Other borrowing costs	113.69	138.78
	830.62	1,088.56

36 Depreciation and amortisation expense

	(₹ in lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on property, plant and equipment	1,288.98	1,274.04
Amortisation of intangible assets	194.76	187.34
	1,483.74	1,461.38

37 Other Expenses

	(₹ in lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Consumption of stores and spares	89.67	62.12
Power and fuel	901.69	691.00
Water charges	12.25	12.93
Insurance	38.33	33.40
Repairs and maintenance		
Machines	364.66	353.49
Buildings	81.73	27.22
Others	219.14	107.80
Contractual services	1,620.89	1,351.74
Printing & stationery	37.44	23.45
Communication costs	43.88	38.14
Legal and professional fees	1,189.69	823.03
Payment to auditors (Refer note below (a))	51.19	51.07
Advertisement & sales promotion	73.64	63.39
Travelling and conveyance	275.55	147.67
Commission on sales	1,823.08	1,593.68
Freight and forwarding charges	1,322.77	1,122.96
Bad debts	-	66.82
Rates and taxes	22.14	19.36
Property, plant and equipment written off	0.30	-
Rent (Refer note 43)	39.55	16.74
Laboratories Expenses	526.76	437.25
Corporate social responsibility expenses (Refer note 52)	20.62	26.69
Miscellaneous expenses	503.00	300.25
	9,257.97	7,370.20

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

for the year ended 31 March 2022

37 Other Expenses (Contd.)

	(₹ in lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Note		
(a) Auditors' Remuneration (excluding taxes)		
As Auditors	48.00	48.00
Other Services	2.10	2.15
Out of Pocket Expenses	1.09	0.92
	51.19	51.07

37(A) Exceptional items

	(₹ in lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Bad debts written off (net of provision for doubtful debts adjusted Rs. Nil (31 March 2021: Rs. 796.59 lakhs))	-	(518.08)
	-	(518.08)

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

38 Tax (expense) / credit

	(₹ in lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Current tax for the year (net of Minimum alternative tax credit entitlement/ utilisation Rs. 168.35 lakhs) (31 March 2021: Rs. 4.00 lakhs)	(340.37)	(1.32)
Tax adjustments pertaining to earlier years	0.35	(0.35)
Deferred tax expenses		
Increase / (Decrease) in deferred tax assets	(62.53)	(365.00)
(Increase) / Decrease in deferred tax liabilities	(59.36)	86.10
	(121.89)	(278.90)
	(461.91)	(280.57)
Tax (expense) / credit recognised in Statement of profit and loss	(628.38)	(296.39)
Tax (expense) / credit recognised in other comprehensive income	(1.88)	15.82
	(630.26)	(280.57)
Tax reconciliation		
Profit before tax	1,929.66	858.01
Tax at the rate of 29.12% (31 March 2021 29.12%)	(561.92)	(249.85)
Tax adjustment pertaining to earlier years	0.35	(0.35)
Tax effect of amounts which are not deductible / taxable		
Permanent Disallowances	(1.92)	(0.23)
Allowances / Disallowances under specific provisions of Income tax act, 1961 (net)	(37.81)	49.54
Disallowance of Donation/Corporate social responsibility expenses	(8.34)	(9.53)
Other tax deductions	(18.74)	(85.97)
	(628.38)	(296.39)

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

for the year ended 31 March 2022

39 Fair value measurements

Financial instruments by category:

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

Fair value hierarchy

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

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

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

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

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

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

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

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

Fair value for assets and liabilities measured at amortised cost	31 March 2022				31 March 2021			
	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3	Carrying amount
Financial liabilities								
Borrowings (other than current borrowings)	-	3,383.94	-	3,383.94	-	3,647.00	-	3,647.00
Lease liabilities	-	72.23	-	72.23	-	16.75	-	16.75

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

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

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

Valuation processes

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

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

for the year ended 31 March 2022

40 Financial risk management

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

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

A Market risk

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

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

Market risk - interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

According to the Company, interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Exposure to interest rate risk

Particulars	(₹ in lakhs)	
	As at 31 March 2022	As at 31 March 2021
Total Borrowings	5,118.39	8,107.00
% of Borrowings out of above bearing variable rate of interest	100%	76%

Interest rate sensitivity

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

Particulars	(₹ in lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
50 bp increase would decrease the profit before tax by	(25.59)	(30.77)
50 bp decrease would increase the profit before tax by	25.59	30.77

Market risk - Foreign currency risk management

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

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

for the year ended 31 March 2022

40 Financial risk management (Contd.)

Unhedged foreign currency exposure

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

As at 31 March 2022

Particulars	(Amount in lakhs)					
	USD		EURO		AED	
	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade receivable	72.31	5,480.79	3.92	330.42	-	-
Trade payables	4.55	344.91	-	-	-	-
Advance received from customers	18.34	1,381.06	-	-	28.54	578.59
Balance in EEFC Account	-	0.02	-	-	-	-
PCFC and PFCFC	14.34	1,086.70	-	-	-	-
Export commission	21.47	1,627.59	0.01	0.54	-	-

As at 31 March 2021

Particulars	(Amount in lakhs)					
	USD		EURO		CAD/ZAR	
	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade receivable	59.88	4,377.52	2.33	199.83	1.06	61.56
Trade payables	0.02	1.74	-	-	-	-
Advance received from customers	1.86	132.91	4.61	399.42	4.09	19.83
Balance in EEFC Account	0.30	21.67	0.18	15.51	-	-
PCFC and PFCFC	17.26	1,261.84	-	-	-	-
Export commission	15.54	1,136.39	0.18	15.14	-	-

Sensitivity to foreign currency risk

Particulars	(₹ in lakhs)	
	Impact on statement of profit and loss for the year ended	
	31 March 2022	31 March 2021
USD sensitivity		
INR / USD		
Increase by 5%	52.03	93.32
Decrease by 5%	(52.03)	(93.32)
Euro sensitivity		
INR / Euro		
Increase by 5%	16.49	(9.96)
Decrease by 5%	(16.49)	9.96
AED sensitivity		
INR / AED		
Increase by 5%	(28.93)	-
Decrease by 5%	28.93	-

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

for the year ended 31 March 2022

40 Financial risk management (Contd.)

B Credit risk

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

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

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

Credit risk management

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

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

Ageing of Trade receivables

	As at 31 March 2022	As at 31 March 2021
Not due	4,842.44	3,786.33
Less than 6 months	2,723.77	1,935.94
6-12 months	399.91	489.41
1-2 years	110.23	136.67
2-3 years	27.45	86.00
More than 3 years	75.32	50.90
Total	8,179.12	6,485.25

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

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

for the year ended 31 March 2022

40 Financial risk management (Contd.)

Movement in provisions of doubtful debts

	As at 31 March 2022	As at 31 March 2021
Opening provision	90.28	886.87
Add:- Additional provision made	-	-
Less:- Provision utilised/ adjusted against bad debts	-	(796.59)
Closing provision	90.28	90.28

C Liquidity risk

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

Liquidity risk management

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

Maturities of non – derivative financial liabilities

As at 31 March 2022

Particulars	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
Non-current borrowings (including current maturities)	1,491.60	1,892.34	-	3,383.94
Current financial liabilities - Borrowings	1,734.45	-	-	1,734.45
Trade payables	8,189.68	-	-	8,189.68
Lease Liabilities	140.74	72.23	-	212.97
Other current financial liabilities	417.24	-	-	417.24
Total	11,973.71	1,964.57	-	13,938.28

As at 31 March 2021

Particulars	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
Non-current borrowings from banks (including current maturities)	1,464.08	2,182.92	-	3,647.00
Current financial liabilities - Borrowings	4,460.00	-	-	4,460.00
Trade payables	6,507.75	-	-	6,507.75
Lease Liabilities	108.22	16.75	-	124.97
Other current financial liabilities	481.90	-	-	481.90
Total	13,021.95	2,199.67	-	15,221.62

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

for the year ended 31 March 2022

41 Capital management

Risk management

The Company's objectives when managing capital are to

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

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

	(₹ in lakhs)	
	As at 31 March 2022	As at 31 March 2021
The capital composition is as follows:		
Net debt#	5,076.52	8,025.85
Total equity	17,010.60	15,704.76
Net debt to equity ratio	30%	51%

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

42 Net debt reconciliation

	(₹ in lakhs)	
	As at 31 March 2022	As at 31 March 2021
Cash and cash equivalents	54.22	90.39
Non-current borrowings	(3,383.94)	(3,647.00)
Current borrowings	(1,734.45)	(4,460.00)
Interest Payable	(12.35)	(9.24)
Net Debt	(5,076.52)	(8,025.85)

	(₹ in lakhs)				
	Cash and cash equivalents and bank overdraft	Non current borrowings	Current borrowings	Interest Payable	Total
Net as at 01 April 2020	67.13	(4,016.02)	(4,969.00)	(9.66)	(8,927.55)
Cash flows (net)	23.26	432.68	516.22	-	972.16
IND AS adjustments	-	(63.66)	-	39.73	(23.93)
Foreign exchange adjustments	-	-	(7.22)	-	(7.22)
Finance cost expense	-	-	-	(1,064.64)	(1,064.64)
Finance cost paid	-	-	-	1,025.33	1,025.33
Net as at 01 April 2021	90.39	(3,647.00)	(4,460.00)	(9.24)	(8,025.85)
Cash flows (net)	(36.17)	285.99	2,737.85	-	2,987.67
IND AS adjustments	-	(22.93)	-	(4.60)	(18.33)
Foreign exchange adjustments	-	-	(12.30)	-	(12.30)
Finance cost expense	-	-	-	(800.35)	(800.35)
Finance cost paid	-	-	-	792.64	792.64
Net as at 31 March 2022	54.22	(3,383.94)	(1,734.45)	(12.35)	(5,076.52)

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

for the year ended 31 March 2022

43 Leases

	(₹ in lakhs)	
Particulars	As at 31 March 2022	As at 31 March 2021
The Balance sheet discloses the following amounts relating to leases:		
Leasehold Land*	633.64	576.86
Other Right to use Assets		
Buildings	2.78	11.07
Plant and equipment	246.26	217.91
	882.68	805.84
Lease liabilities		
Current	140.74	108.22
Non-current	72.23	16.75
	212.97	124.97

* There are no lease liabilities in respect of the leasehold land as the entire amount has been paid upfront on the date of the execution of the lease agreement with respective authorities.

	(₹ in lakhs)	
Amounts recognised in statement of profit and loss	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation charge on		
Leasehold Land	5.70	2.99
Other Right to use Assets		
Buildings	8.28	8.28
Plant and equipment	209.94	162.91
	223.92	174.18
Interest expense included in finance cost	30.27	23.92
Expense relating to short-term leases	39.55	16.74
Expense relating to leases of low-value assets that are not shown above as short-term leases	-	-
Expense relating to variable lease payments not included in lease liability	-	-
Total cash outflow for leases during current financial year (excluding short term leases)	122.58	139.40
Additions to the right of use assets during the current financial year	300.76	183.38

44 Research and development expenditure

	(₹ in lakhs)	
Amounts recognised in statement of profit and loss	Year ended 31 March 2022	Year ended 31 March 2021
Revenue expenditure charged to Statement of Profit and Loss (under notes 34, 36 and 37)	1,687.48	1,386.66
Capital Expenditure	571.48	92.84
	2,258.96	1,479.50

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

for the year ended 31 March 2022

45 Related Party Disclosures

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

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

(i) Subsidiaries

Zim Health Technologies Limited, India	Wholly Owned Subsidiary Company
SIA Zim Laboratories Limited, Latvia	Wholly Owned Subsidiary Company
Zim Laboratories FZE,UAE	Wholly Owned Subsidiary Company
Zim Thinorals Private Limited, India (w.e.f. 18 May 2021)	Wholly Owned Subsidiary Company

(ii) Key Managerial Personnel:

	Nature of relationship
Dr. Anwar S. Daud	Managing Director and shareholder with significant influence
Mr. Zulfiqar Kamal	Director (Finance)
Mr. Riaz A. Kamal (upto 30 June 2021)	Executive Director (Administration)
Mr. Niraj Dhadiwal	Executive Director (Business Development)
Mr. Prakash Sapkal	Executive Director (Operations)
Dr. Naresh Gaikwad (upto 31 March 2022)	Independent Director
Dr. V.V. Parashar (upto 31 March 2022)	Independent Director
Mr. Suprakash. Chakravarty (upto 31 March 2022)	Independent Director
Mr. Padmakar Joshi	Independent Director
Mrs. Kavita Loya	Independent Director
Dr. Kamlesh Shende (w.e.f. 1 April 2022)	Independent Director
Dr. Kakasaheb Mahadik (w.e.f. 1 April 2022)	Independent Director
Mr. Piyush Nikhade	Company Secretary
Mr. Shyam Mohan Patro	Chief Financial Officer

(iii) Other relatives:

Mrs. Sabbah Kamal	Wife of Director (Finance)
Dr. Nidhi Sapkal (upto 31 July 2021)	Wife of Director (Operations)

(iv) Other significant influences

AA Development Capital India Fund 1, LLC (upto 21 June 2021)	Investor exercising significant influence
Elizabeth Mathew (w.e.f. 21 June 2021 upto 23 March 2022)	Shareholder exercising significant influence
Mathew Cyriac (w.e.f. 23 March 2022)	Shareholder exercising significant influence

B. Related Party Disclosures:

	Year ended 31 March 2022	Year ended 31 March 2021
(₹ in lakhs)		
Nature of transactions		
1) Remuneration		
Dr. Anwar S. Daud	120.00	110.00
Mr. Riaz A. Kamal*	50.38	26.50
Mr. Zulfiqar Kamal	82.50	73.75
Mr. Niraj Dhadiwal	75.00	58.84
Mr. Prakash Sapkal	74.00	57.83
Mr. Piyush Nikhade	24.15	16.77
Mr. Shyam Mohan Patro	70.85	61.92

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

for the year ended 31 March 2022

45 Related Party Disclosures (Contd.)

B. Related Party Disclosures:

	Year ended 31 March 2022	Year ended 31 March 2021
(₹ in lakhs)		
2) Director's fees		
Dr.Naresh Gaikwad	1.00	1.00
Dr. V.V. Parashar	1.00	1.00
Mr. Suprakash. Chakravarty	1.00	1.00
Mr. Padmakar Joshi	1.00	1.00
Mrs. Kavita Loya	6.00	6.00
3) Professional fees		
Dr. Nidhi Sapkal	8.00	24.00
Zim Health Technologies Limited	202.00	119.50
4) Rent paid		
Dr. Anwar S. Daud	11.04	10.56
Mrs. Sabbah Kamal	2.40	2.40

* The remuneration during the year includes post employment benefits of Rs. 44.38 lakhs.

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

5) Share Application Money received, shares were allotted during the year under ESOS		
Mr. Niraj Dhadiwal	-	2.50
Mr. Prakash Sapkal	-	2.50
6 Sales		
Zim Laboratories FZE,UAE	3,428.13	1,896.04
7) Investment		
Zim Thinorals Private Limited	10.00	-

	As at 31 March 2022	As at 31 March 2021
(₹ in lakhs)		
Balances outstanding at year end ^(#)		
Advance for expenses to Key Managerial Personnel		
Dr. Anwar S. Daud	-	4.79
Payable to Key Managerial Personnel		
Dr. Anwar S. Daud	5.79	3.41
Mr. Zulfiqar Kamal	4.51	0.02
Mr. Riaz A. Kamal	-	3.15
Mr. Niraj Dhadiwal	3.42	2.94
Mr. Prakash Sapkal	2.84	4.29
Mr. Piyush Nikhade	1.37	2.25
Mr. Shyam Mohan Patro	3.78	14.23
Trade Payable		
Dr. Anwar S. Daud	5.80	9.75
Dr. Nidhi Sapkal	-	2.21
Mrs. Sabbah Kamal	0.71	0.24
Zim Health Technologies Limited, India	87.48	55.88
Dr.Naresh Gaikwad	-	0.26
Dr. V.V. Parashar	-	0.46
Mr. Suprakash. Chakravarty	-	0.26
Mr. Padmakar Joshi	-	0.36
Mrs. Kavita Loya	-	1.78
Advance received from customers		
Zim Laboratories FZE,UAE	521.64	-
Trade Receivables		
Zim Laboratories FZE,UAE	-	132.19

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

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

for the year ended 31 March 2022

45 Related Party Disclosures (Contd..)

B. Related Party Disclosures: (Contd..)

	(₹ in lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Executive Directors compensation		
a) Short- term employee benefits	357.07	326.20
b) Post- employment benefits	44.81	0.72
Total compensation *	401.88	326.92

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

† Equity investments by the Company and equity infusion into the Company are not considered for disclosure as these are not considered "outstanding" exposures". Refer notes 6 and 18 for the same.

46 Contingent liabilities and commitments

(A) Contingent liabilities

	(₹ in lakhs)	
	As at 31 March 2022	As at 31 March 2021
Income Tax Assessments for earlier years, pending in appeal	551.42	551.42
Gram Panchayat Tax	13.70	6.69
Duty saved considering export obligation to be fulfilled subsequent to the reporting date, within the period allowed under the Advance License scheme	133.08	46.49

Notes:

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

Other matter

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

(B) Commitments

	(₹ in lakhs)	
	As at 31 March 2022	As at 31 March 2021
Estimated value of contracts in capital account remaining to be executed (net of capital advance)	93.09	104.77

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

for the year ended 31 March 2022

47 Employee Benefits

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

(a) Defined Contribution Plan:

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

	(₹ in lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Employer's Contribution to Provident fund	115.85	108.20
Employer's Contribution to ESIC	6.30	12.32
Employer's Contribution to Labour welfare fund	0.32	0.33

(b) Defined Benefits Plan :

Gratuity

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

	(₹ in lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Mortality Table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Discount rate	6.84%	6.49%
Salary growth rate	5.00%	5.00%
Withdrawal rate	12.00%	12.00%
Expected rate & return on Plan assets	6.84%	6.49%
Changes in the Fair value of Plan Assets		
Present Value of Plan Assets at the beginning of the year	575.40	480.47
Investment Income	37.34	31.67
Employer's Contribution	96.94	63.62
Benefits Paid	(9.38)	-
Actuarial adjustment: Return on plan assets, excluding amount recognised in net interest expense	(0.23)	(0.36)
Fair Value of Plan Assets at the end of the year	700.07	575.40
Changes in the Present Value of Obligation		
Present Value of Obligation at the beginning of the year	651.49	535.64
Current Service Cost	52.93	48.23
Interest Expenses or Cost	42.28	35.30
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in the demographic assumptions	(0.26)	-
- change in the financial assumptions	(11.27)	3.08
- experience variance (i.e. Actual experience v/s assumptions)	4.86	50.88
Past Service Cost	-	-
Benefits Paid	(78.51)	(21.64)
Present Value of Obligation at the end of the year	661.52	651.49

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

for the year ended 31 March 2022

47 Employee Benefit (Contd.)

	(₹ in lakhs)	
	As at 31 March 2022	As at 31 March 2021
Amount recognised in the Balance Sheet		
Present Value of Obligation at the end of the year	661.52	651.49
Fair Value of Plan Assets at the end of the year	(700.07)	(575.40)
Net (Asset) /Liability recognised at the end of the year	(38.55)	76.09
Percentage of each category of plan assets to total fair value of plan assets as at year end:		
Administered by Life Insurance Corporation of India	100.00%	100.00%

	(₹ in lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Expenses recognised in the Statement of Profit and Loss		
Current service cost	52.93	48.23
Past service cost	-	-
Loss/ (gain) on settlement	-	-
Net Interest cost / (income) on the Net Defined Benefit Liability / (Asset)	4.94	3.64
Total expenses recognised in the Statement of Profit and Loss	57.87	51.87
Actuarial (gain) / loss		
Actuarial (gain)/loss on Obligation for the period	(6.67)	53.96
Return on Plan Assets, excluding interest income	0.23	0.36
Actuarial (gain)/ loss recognised in Other Comprehensive Income	(6.44)	54.32

	(₹ in lakhs)	
	As at 31 March 2022	As at 31 March 2021
The defined benefit obligations shall mature after year end 31 March 2022 as follows :		
Year 1	95.13	113.07
Year 2	84.15	78.55
Year 3	91.70	76.04
Year 4	88.83	79.03
Year 5	62.35	78.45
Thereafter	567.59	526.55

Sensitivity Analysis:

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

	(₹ in lakhs)	
	As at 31 March 2022	As at 31 March 2021
Defined Benefit Obligation (Base)	661.52	651.49

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

for the year ended 31 March 2022

47 Employee Benefit (Contd.)

	Year ended 31 March 2022		Year ended 31 March 2021	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+ 1%)	33.34	(30.08)	32.67	(29.40)
(% change compared to base due to sensitivity)	5.0%	-4.5%	5.0%	-4.5%
Salary Growth Rate (-/+ 1%)	(27.73)	30.10	(27.06)	29.27
(% change compared to base due to sensitivity)	-4.2%	4.5%	-4.2%	4.5%
Attrition Rate (+/- 1%)	3.78	(4.19)	2.92	(3.25)
(% change compared to base due to sensitivity)	0.6%	-0.6%	0.4%	-0.5%

(c) Compensated absences

The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year and net charge to the Statement of Profit and Loss for the year is Rs. 78.17 lakhs (Previous Year: Rs. 114.20 lakhs).

48 Segment information

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

Information about geographical areas are as under :

Particulars	31 March 2022			31 March 2021		
	In India	Outside India	Total	In India	Outside India	Total
Revenue from operations	6,329.69	26,619.68	32,949.37	7,609.80	22,753.14	30,362.94
Carrying amount of segment assets (non-current)	11,486.92	672.65	12,159.57	11,170.00	756.94	11,926.94
Carrying amount of segment assets (current)	13,278.53	6,567.81	19,846.34	12,016.97	5,479.33	17,496.30
Capital expenditure for the year	1,499.52	107.03	1,606.55	663.44	134.12	797.56
- Tangible	1,458.63	-	1,458.63	641.83	-	641.83
- Intangible	40.89	107.03	147.92	21.61	134.12	155.73

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

49 Employees Stock Option Scheme

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

I. The position of the Employee Stock Option Scheme (ESOS) of the Company as at 31 March 2022 is as under:

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

for the year ended 31 March 2022

49 Employees Stock Option Scheme (Contd.)

S.No.	Particulars	ESOS
1	Details of approval	Resolution passed by Nomination & Remuneration committee at its meeting dated 16 May 2015 and the shareholders, in the Extra ordinary General Meeting held on 27 May 2015 had approved the grant of 1,22,449 employee stock options in accordance with the ESOP Scheme, equivalent to 1.53% of the issued and paid up share capital of the Company as at 31 March 2015. During the earlier year, Nomination & Remuneration committee at its meeting dated 14 August 2018 and the Shareholders in the Annual General Meeting held on 21 September 2018 have approved the ZIM Laboratories Limited Employees Stock Option Scheme 2015, as amended in accordance with the requirements of SEBI (Share Based Employee Benefit), Regulations 2014. Shareholders in above Annual General Meeting have also approved issue of bonus shares in the ratio of 1:1 to shareholders holding shares as on Record Date i.e. 06 October 2018. Accordingly, the outstanding options as at 6 October 2018 have been adjusted for issue of bonus shares.
2	Total number of stock options approved	1,83,665
3	Vesting schedule	01 June 2016 - 30,625 equity shares 01 June 2017 - 30,608 equity shares 01 June 2018 - 61,216 equity shares 01 June 2019 - 61,216 equity shares
4	Maximum term of Options granted (years)	5
5	Source of shares (Primary, Secondary or combination)	Primary
6	Variation in terms of options	NA
7	Price per option	At Face value (i.e. Rs 10)
8	The exercise period	Exercise anytime within one year from date of vesting.
9	Vested during the year	-
10	Exercised during the year	-
11	Weighted average price* (Rs.)	117.81 (before adjustment towards issue of bonus shares)

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

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

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

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

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

for the year ended 31 March 2022

49 Employees Stock Option Scheme (Contd.)

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

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

IV. The movement of stock options are summarized below:

Particulars	Number of options for the year ended 31 March 2022	Number of options for the year ended 31 March 2021
Options outstanding at the beginning of the year	Nil	Nil
Options Forfeited / lapsed during the year	Nil	Nil
Options vested during the year	Nil	Nil
Options exercised during the year	Nil	61,216
Money realised by exercise of options	Nil	Rs. 6.12 lakhs
Expired during the year	Nil	Nil
Options outstanding at the end of the year	Nil	Nil
Options exercisable at the end of the year	Nil	Nil

V. The exercise price and expected remaining contractual life (comprising the vesting period and exercise period) of options outstanding as at 31 March 2022 and 31 March 2021 is as follows:

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

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

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Exercised during the year	-	6.12

(₹ in lakhs)

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

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

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Within one year	-	-
Between two years to five years	-	-

(₹ in lakhs)

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

for the year ended 31 March 2022

- (i) Debt -Equity Ratio: Improvement by 42% in the current year is mainly due to improved working capital management and repayment of borrowings during the year.
- (ii) Return on Equity Ratio: Increased by 119% in the current year due to improvement in net profit margin and profitability which in the previous year was affected mainly due to exceptional item- loss
- (iii) Net Profit Ratio: Increased by 114% in the current year due to improvement in net profit margin and profitability which in the previous year was affected mainly due to exceptional item- loss
- (iv) Basic EPS: Increased by 132% in the current year due to improvement in net profit margin and profitability which in the previous year was affected mainly due to exceptional item- loss
- (v) Interest coverage ratio : Improvement by 47% in the current year is mainly due reduction in the finance costs on account of improved working capital management

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

Adi P. Sethna
Partner
Membership No.: 108840

Place: Nagpur
Date: 21 May 2022

For and on behalf of the Board of Directors

Anwar S. Daud
Managing Director
DIN: 00023529

Shyam Mohan Patro
Chief Financial Officer

Place: Nagpur
Date: 21 May 2022

Zulfiqar M. Kamal
Director (Finance)
DIN: 01786763

Piyush Nikhade
Company Secretary

Consolidated Financial Statements

Independent Auditor’s Report

To the Members of ZIM Laboratories Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

- We have audited the accompanying consolidated financial statements of ZIM Laboratories Limited (‘the Holding Company’) and its subsidiaries (the Holding Company and its subsidiaries together referred to as ‘the Group’), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
- In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements (“the financial statements”) give the information required by the Companies Act, 2013 (‘the Act’) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (‘Ind AS’) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group as at 31 March 2022, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

- Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matters
<p>a) Capitalization and realizability of ‘Product Marketing Authorization’ Rights</p> <p>(Refer Note 2(f) to the accompanying consolidated financial statements for accounting policy and Note 5(A) and 5(B) for the related disclosures)</p> <p>The Group has applied for registration of its various pre-formulated products in different countries. The applications have been made to secure marketing rights/ product authorization’s in respective geographies, which are subject to regulatory approvals. The expenses towards registrations are capitalized as ‘Product Marketing authorizations’. ‘Product Marketing Authorization’ (marketing rights) primarily include costs pertaining to bioequivalence studies, analytical method validation studies and product registration costs in respective geographies.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> Obtained an understanding of the management process and controls for calculating the amount to be capitalized and their realizability, and assessed the consistency of the accounting policies with relevant accounting standards; Tested the mathematical accuracy of the amounts capitalized as marketing rights and also evaluated key assumptions regarding market potential used by the Group, on sample basis. Verified sample of costs expensed to supporting documentation such as study reports, invoices and payment records to ensure the correctness of the amounts being expensed. Obtained an understanding from management as to the status of each marketing right under process and

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

Key audit matters	How our audit addressed the key audit matters
<p>Based on management’s expectation of its commercial utilization of these products, these costs are amortized over a period of three years from date of capitalization.</p> <p>For marketing rights under process of approval, the primary risk relates to timely securing of requisite regulatory approvals. For capitalized marketing rights, the key risk is the ability to successfully commercialize the individual product concerned in the respective geography over the expected timelines.</p> <p>The assumptions/judgement applied by management in determining the recoverable value of such rights include expected contributions from projected business generated in respective countries. Changes in these assumptions could lead to an impairment to the carrying value of the intangible asset.</p> <p>Considering the amounts involved, inherent subjectivity and significant management judgement involved to estimate the recoverable value of the marketing rights, the matter has been considered to be a key audit matter for the current year audit.</p>	<p>corroborating, on sample basis, these status assessments from the communications of the Company’s management (as distinct from the financial management function) with respective authorities.</p> <ul style="list-style-type: none"> In respect of marketing rights for products that have received regulatory approvals, we assessed the useful life and amortization period for the capitalized costs and challenged their total estimated profitability based on results achieved till date In respect of marketing rights for products that are no longer considered viable, we determined whether the carrying amount had been appropriately written off. <p>Evaluated the adequacy of the related disclosures made in the consolidated financial statements.</p>

Information other than the Consolidated Financial Statements and Auditor’s Report thereon

- The Holding Company’s Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor’s report thereon. The Annual Report is expected to be made available to us after the date of auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

- The accompanying consolidated financial statements have been approved by the Holding Company’s Board of Directors. The Holding Company’s Board of Directors

are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company’s Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern; and
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Other Matter

15. We did not audit the financial statements of three subsidiaries, whose financial statements (before eliminating inter-company balances) reflect total assets of ₹ 2,080.49 lakhs and net assets of ₹ 1,416.12 lakhs as at 31 March 2022, total revenues (before eliminating inter-company transactions) of ₹ 4,023.11 lakhs and net cash inflows amounting to ₹ 265.54 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.

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

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

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries, we report that the Holding Company, its subsidiary companies incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditors of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.

18. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors,
 - c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
 - e) On the basis of the written representations received from the directors of the Holding Company, and taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors of its subsidiary companies, covered under the Act, none of the directors of the Group companies are disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A' wherein we have expressed an unmodified opinion;
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the

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

Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 47 (A) to the consolidated financial statements;
- ii. The Holding Company and its subsidiary companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;
- iii. The following delay was noted in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2022;

(₹ in Lakhs)			
Name of company	Amount(₹)	Due date	Date of payment
ZIM Laboratories Limited	Holding Company	561,230	7 April 2022

- iv. a) The respective managements of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, on the date of this audit report, no funds have been advanced or loaned or invested either from borrowed funds or securities premium or any other sources or kind of funds by the Holding Company or its subsidiary companies to or in any person or entity, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies, ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - c) Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- b) The respective managements of the Holding Company and its subsidiary companies, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, on the date of this audit report, no funds have been received by the Holding Company or its subsidiary companies from any person or entity, including foreign entities ('the Funding Parties'), with the understanding,
 - v. The Holding Company and its subsidiary companies have not declared or paid any dividend during the year ended 31 March 2022

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

Adi P. Sethna
Partner
Membership No.: 108840
UDIN: 22108840AJIRHV9383

Place: Nagpur
Date: 21 May 2022

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

Annexure 1 referred to in Paragraph 1 of the Independent Auditor's Report of even date to the members of ZIM Laboratories Limited on the consolidated financial statements for the year ended 31 March 2022

List of entities included in the Statement

Wholly owned subsidiary companies

- ZIM Laboratories FZE
- ZIM Health Technologies Limited
- SIA 'ZIM Laboratories Limited' and
- ZIM Thinorals Private Limited

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

Annexure A to the Independent Auditor's Report of even date to the members of ZIM Laboratories Limited on the consolidated financial statements for the year ended 31 March 2022

Independent Auditor's Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of ZIM Laboratories Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its two Indian subsidiaries, which are Companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Consolidated Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its two subsidiary companies, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and

plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their reports referred to in other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and two subsidiary companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

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

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

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

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

Opinion

8. In our opinion the Holding Company which is a company covered under the Act, has in all material respects, adequate internal financial controls with reference to consolidated financial statements and such controls were operating effectively as at 31 March 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to two

subsidiary companies, which are companies covered under the Act, whose financial statements (before eliminating inter company balances / transactions) reflect total assets of ₹ 124.35 lakhs and net assets of ₹ 85.22 lakhs as at 31 March 2022, total revenues of ₹ 202 lakhs and net cash inflows amounting to ₹ 20.57 lakhs for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its two subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such two subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

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

Adi P. Sethna
Partner
Membership No.: 108840
UDIN: 22108840AJIRHV9383

Place: Nagpur
Date: 21 May 2022

Consolidated Statement of Cash Flow

for the year ended 31 March 2022

	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Cash flow from operating activities		
Profit before exceptional item and tax	2,104.25	1,541.20
Depreciation and amortisation expense	1,603.31	1,578.90
Government Incentive	(8.20)	(8.20)
Interest on lease deposits	(8.26)	(7.95)
(Gain) on sale of property, plant and equipment (net)	(5.70)	(0.60)
Property, plant and equipment written off	0.30	-
Unrealized foreign exchange (gain)	(97.63)	(85.61)
Provision for employee benefits	(100.82)	(19.87)
Dividend income on investments	(0.60)	-
Interest income	(17.28)	(34.02)
Bad debts written off	5.47	66.82
Finance costs	830.62	1,089.82
Operating profit before working capital changes	4,305.46	4,120.49
Movement in working capital:		
Increase in trade & other payables and provisions	2,950.73	263.23
(Increase)/decrease in inventories	(2,093.70)	204.19
(Increase) in trade and other receivables	(198.97)	(1,291.51)
Net Cash generated from operations	4,963.52	3,296.40
Direct taxes paid (net of refunds)	(42.91)	(111.27)
Net cash generated from operating activities (A)	4,920.61	3,185.13
Cash flow from investing activities		
Purchases of property, plant and equipment and intangibles (refer note i)	(1,522.53)	(647.71)
Sale proceeds of property, plant and equipment	16.00	0.59
Maturity in bank deposits (having original maturity of more than three months) (net)	29.95	19.73
Interest received	18.85	39.30
Dividend received	0.60	-
Net cash (used in) investing activities (B)	(1,457.13)	(588.09)

Consolidated Statement of Cash Flow (Continued....)

for the year ended 31 March 2022

	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Proceeds from issue of equity share	-	6.12
Proceeds from long term borrowings	2,707.01	1,916.77
(Repayment) of long term borrowings	(2,993.00)	(2,349.45)
(Repayment)/proceeds of short term borrowings	(2,737.85)	(516.22)
(Repayment) of lease obligations	(122.58)	(139.40)
Deposits matured / (placed) with bank towards margin money against borrowings (net)	642.01	(488.65)
Finance costs paid	(792.64)	(1,026.59)
Changes in unclaimed dividend bank balances	16.78	2.44
Dividends paid on equity shares (unclaimed)	(16.78)	(2.44)
Net cash (used in) financing activities (C)	(3,297.05)	(2,597.42)
Change in currency fluctuation reserve arising on consolidation (D)	36.35	(6.47)
Net (decrease)/increase in cash and cash equivalents (A+B+C+D)	202.78	(6.85)
Opening cash and cash equivalents	139.25	146.10
Closing cash and cash equivalents	342.03	139.25
Components of cash and cash equivalents		
Cash on hand	13.41	6.18
Balances with banks in:		
- Current accounts	328.62	133.07
Total cash and cash equivalents (Refer note 13)	342.03	139.25

Notes:

- Includes capital work-in-progress, capital advance, payables for property, plant and equipment and intangible assets under development.
- The Statement of Cashflow has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) Statement of Cash flows.

Significant accounting policies and other explanatory information

1 - 53

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

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

For and on behalf of the Board of Directors

Adi P. Sethna
Partner
Membership No.: 108840

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiqar M. Kamal
Director (Finance)
DIN: 01786763

Shyam Mohan Patro
Chief Financial Officer

Piyush Nikhade
Company Secretary

Place: Nagpur
Date: 21 May 2022

Place: Nagpur
Date: 21 May 2022

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

e Depreciation methods and estimated useful lives

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

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

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

f Intangible assets (including Intangible assets under development)

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

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

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

g Research and development costs

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

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

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

h Measurement and recognition of leases

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

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

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

Group as a lessee

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

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier

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of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

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

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance, fixed), and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest expenses. It is remeasured to reflect any reassessment or modification.

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

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

Group as a lessor

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

i Borrowings and other financial liabilities

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

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

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

j Borrowing costs

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

k Impairment of non-financial assets

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

l Government grants

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

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

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

m Investments and financial assets

Classification

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

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

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

Measurement

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

Measurement of debt instruments

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

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

measured at fair value through profit or loss and is not part of a hedging relationship is recognised in statement of profit and loss and presented net in the Statement of Profit and Loss in the period in which it arises. Interest income from these financial assets is included in other income.

Measurement of equity instruments

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

Impairment of financial assets

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

De-recognition of financial assets

A financial asset is derecognised only when

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

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

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

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Interest income from financial assets

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

n Derivatives and embedded derivatives

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

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

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

o Cash and Cash Equivalents

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

p Inventories

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

q Foreign Currency Transactions

The functional currency of the Company and its Indian subsidiaries is the Indian Rupee (₹) whereas the functional currency of foreign subsidiaries is the currency of their country of domicile.

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance sheet date and exchange gains or losses arising on settlement and restatement are recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated at year end.

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate on the balance sheet date
- Income and expenses are translated at the average exchange rate (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated based on rates prevailing at the date of transaction).
- All resulting exchange differences are recognised in other comprehensive income

When a foreign operation is sold, the associated exchange differences are reclassified to statement of profit and loss, as part of the gain or loss on sale.

Fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

r Revenue Recognition

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

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

The group does not expect to have any contracts where the period between the transfer of the promised goods to the

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customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

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

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

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

Other operating revenue -

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

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

Export incentives

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

s Other Income

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

t Employee Benefits

Defined Contribution Plan

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

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

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

Defined Benefit Plan - Gratuity

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

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

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

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

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

Compensated Absences

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

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the year in which they arise.

Termination Benefits

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

Short-term benefits

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

At present, short term benefits are the only employee benefits applicable to the subsidiaries, while all benefits are applicable to the Company.

u Current and Deferred Tax

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

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

Deferred tax assets (Including Minimum Alternate Tax(MAT)) are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the group's forecast of future operating results, adjusted for significant non-taxable income and expenses

and specific limits on the use of any unused tax loss or credit. Deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future.

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

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

v Provisions and Contingent Liabilities

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

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

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

w Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss (excluding other comprehensive income) for the year attributable to equity shareholders by the

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

x Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2022.

y Critical estimates and judgements

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

This note provides an overview of the areas that involved a

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

The areas involving critical estimates or judgement are:

- Useful life and residual value of property, plant and equipment (PPE) and intangible assets
- Revenue Recognition
- Recognition and measurement of defined benefit obligations
- Valuation of taxes on income
- Provisions
- Share-based payments
- Impairment of financial assets (Refer note 12)

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3 Property, plant and equipment

	Freehold Land	Buildings	Plant and equipment	Electric Installation	Furniture and Fixtures	Office Equipments	Vehicles	Right to use Assets Leasehold Land	Other Right to use Assets	Total
(₹ in Lakhs)										
Gross carrying amount										
Balance as at 1 April 2020	1,023.32	4,293.73	6,840.69	162.74	885.16	272.05	174.75	485.23	395.41	14,533.08
Additions/Adjustments	-	70.17	289.65	-	72.59	44.88	-	97.80	85.58	660.67
Deletions	61.75	-	12.68	-	-	-	-	-	-	74.43
Balance as at 31 March 2021	961.57	4,363.90	7,117.66	162.74	957.75	316.93	174.75	583.03	480.99	15,119.32
Additions	-	350.10	565.70	-	96.93	95.78	-	62.48	238.28	1,409.27
Deletions	-	-	48.42	-	-	-	2.56	-	-	50.98
Balance as at 31 March 2022	961.57	4,714.00	7,634.94	162.74	1,054.68	412.71	172.19	645.51	719.27	16,477.61
Accumulated Depreciation/Amortisation										
Balance as at 1 April 2020	-	607.79	2,428.66	87.92	313.47	181.71	86.68	3.18	80.82	3,790.23
Charge for the year	-	160.95	747.91	22.14	98.03	49.31	21.56	2.99	171.19	1,274.08
Deletions	-	-	12.68	-	-	-	-	-	-	12.68
Balance as at 31 March 2021	-	768.74	3,163.89	110.06	411.50	231.02	108.24	6.17	252.01	5,051.63
Charge for the year	-	166.06	715.25	16.87	101.47	51.89	14.14	5.70	218.22	1,289.60
Deletions	-	-	37.81	-	-	-	2.56	-	-	40.37
Balance as at 31 March 2022	-	934.80	3,841.33	126.93	512.97	282.91	119.82	11.87	470.23	6,300.86
Net carrying amount										
Balance as at 31 March 2021	961.57	3,595.16	3,953.77	52.68	546.25	85.91	66.51	576.86	228.98	10,067.69
Balance as at 31 March 2022	961.57	3,779.20	3,793.61	35.81	541.71	129.80	52.37	633.64	249.04	10,176.75

i Building includes those constructed on leasehold land:

	As at 31 March 2022	As at 31 March 2021
(₹ in Lakhs)		
Gross carrying amount	4,904.15	4,188.53
Depreciation charged during the year	165.01	153.72
Accumulated depreciation	928.51	744.14
Net carrying amount	3,975.64	3,444.39

ii Vehicles includes vehicles in the personal name of directors & employees having Gross carrying amount ₹ 74.77 lakhs and net carrying value of ₹ 22.28 Lakhs

(31 March 2021 - Gross carrying amount ₹ 77.34 lakhs and net carrying value of ₹ 29.64 Lakhs)

iii Refer note 47 (B) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

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

4 Capital work-in-progress

	(₹ in Lakhs)
As at 31 March 2021	456.13
As at 31 March 2022	509.74

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Current :

12 Trade receivables (Unsecured, refer note (a) and (b) below) (Contd.)

(a) Nature of Security

The Holding Company had entered into an escrow agreement in 2017 (with subsequent renewals), with one of its shareholder wherein the shareholder has provided his holding to the extent of 10 Lakhs equity shares (including 5 Lakhs bonus shares) as security towards realization of certain aged trade receivables. The shares held in escrow account are proposed to be liquidated to meet the shortfall, if any, from recoveries of covered trade receivables. Accordingly, the final amount of recovery (security value) would depend on the shortfall in collections and future market value of equity shares at the time of settlement. However, till date Holding Company has not been able to liquidate the equity shares held as security for realizing the receivables outstanding post partial recoveries against the original outstanding balance. Accordingly, the Holding Company has conservatively written off the aforementioned trade receivables (net of amounts provided in earlier years) during the year ended 31 March 2021 (Refer note 37 (A)).

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

Refer note 40 for information about credit risk and market risk of trade receivables.

13 Cash and cash equivalents

	(₹ in Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Cash on hand	13.41	6.18
Balances with banks in current accounts	328.62	133.07
	342.03	139.25

14 Bank balances other than cash and cash equivalents

	(₹ in Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Unclaimed dividend accounts	25.70	42.48
Margin money deposits	129.45	653.43
Deposit includes fixed deposits with banks ₹ 129.45 lakhs (₹ 653.43 lakhs as at 31 March 2021) marked as lien against guarantees issued by banks on behalf of the Company and against borrowings obtained by the Company	155.15	695.91

15 Loans

	(₹ in Lakhs)	
	As at 31 March 2022	As at 31 March 2021
(Unsecured, considered good)		
Loans to employees	2.14	8.20
	2.14	8.20
Break-up of security details		
Loans considered good - secured	-	-
Loans considered good - unsecured	2.14	8.20
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	2.14	8.20
Loss allowance	-	-
Total current loans	2.14	8.20

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Current :

16 Other financial assets

	(₹ in Lakhs)	
	As at 31 March 2022	As at 31 March 2021
(Unsecured, considered good)		
Earnest money and security deposits	21.37	25.79
Interest Receivable:		
from Banks	1.13	2.70
Others	2.81	11.77
Unbilled revenue	822.60	940.35
	847.91	980.61

17 Other current assets

	(₹ in Lakhs)	
	As at 31 March 2022	As at 31 March 2021
(Unsecured, considered good unless otherwise specified)		
Advances other than capital advances		
Advance to suppliers - considered good	797.86	1,500.06
Advance against expenses to related party (Refer note 46)	-	4.79
Advances recoverable in kind for value to be received		
Balances with government authorities	2,451.41	3,046.91
Prepaid expenses	98.12	140.44
Gratuity- plan assets (Refer note 48)	38.55	-
	3,385.94	4,692.20

18 Equity share capital

	(₹ in Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Authorised		
25,000,000 (31 March 2021: 25,000,000) equity shares of ₹ 10 each	2,500.00	2,500.00
Issued		
16,241,938 (31 March 2021: 16,180,722) equity shares of ₹ 10 each fully paid up	1,624.19	1,624.19
Subscribed and Paid-Up:		
16,241,938 (31 March 2021: 16,180,722) equity shares of ₹ 10 each fully paid up	1,624.19	1,624.19
	1,624.19	1,624.19

(a) Reconciliation of Share Capital:

	(₹ in Lakhs)			
	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	₹ lakhs	No. of Shares	₹ lakhs
Balance as at the beginning of the year	1,62,41,938	1,624.19	1,61,80,722	1,618.07
Add: Shares issued during the year	-	-	61,216	6.12
Balance as at the end of the year	1,62,41,938	1,624.19	1,62,41,938	1,624.19

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

18 Equity share capital (Contd..)

(b) Rights, preferences and restrictions

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

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

(₹ in Lakhs)

	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Equity Shares:				
AA Development Capital India Fund 1, LLC	-	-	35,65,304	21.95%
Mathew Cyriac	35,50,900	21.86%	-	0.00%
Anwar Daud*	44,45,440	27.37%	44,45,440	27.37%
Zakir Vali	28,49,140	17.54%	28,49,140	17.54%

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

(d) Shares reserved for issue under options

Refer note 50 for details of shares reserved for issue under the employee stock option scheme (ESOS) of the Company.

(e) Details of shares held by promoters

(₹ in Lakhs)

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
As at 31 March 2022					
Anwar Daud	44,45,440	-	44,45,440	27.37%	-
Zulfiquar Kamal	3,98,020	-	3,98,020	2.45%	-
Tasneem Daud	10,000	-	10,000	0.06%	-
Shabbar Daud	14,000	-	14,000	0.09%	-
Sabbah Kamal	5,00,000	-	5,00,000	3.08%	-
Hasan Kamal	34,800	-	34,800	0.21%	-
Zahida Kamal	400	-	400	0.00%	-
Total	54,02,660	-	54,02,660	33.26%	-
As at 31 March 2021					
Anwar Daud	44,45,440	-	44,45,440	27.37%	-
Zulfiquar Kamal	3,98,020	-	3,98,020	2.45%	-
Tasneem Daud	10,000	-	10,000	0.06%	-
Shabbar Daud	14,000	-	14,000	0.09%	-
Sabbah Kamal	5,00,000	-	5,00,000	3.08%	-
Hasan Kamal	34,800	-	34,800	0.21%	-
Zahida Kamal	400	-	400	0.00%	-
Total	54,02,660	-	54,02,660	33.26%	-

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

19 Other equity

(₹ in Lakhs)

	As at 31 March 2022	As at 31 March 2021
Securities premium *	4,098.87	4,098.87
General reserve	106.20	106.20
Employee stock options **	-	-
Foreign currency monetary items translation ***	82.28	45.93
Retained earnings ****	11,659.41	10,199.81
Total	15,946.76	14,450.81
* Securities premium		
Balance as at the beginning of the year	4,098.87	4,063.09
Add : Additions made during the year	-	35.78
Balance at the end of the year	4,098.87	4,098.87
Nature and Purpose - Security premium is used to record the premium on issue of shares, the reserve is utilised in accordance with the provisions of the Companies Act, 2013		
** Employee stock options		
Balance at the beginning of the year	-	35.78
Less: Transfer to securities premium account on exercise of stock options	-	35.78
Balance at the end of the year	-	-
*** Foreign currency monetary items translation		
Balance as at the beginning of the year	45.93	52.40
Movement during the year	36.35	(6.47)
Balance as at the end of the year	82.28	45.93
**** Retained earnings		
Balance as at the beginning of the year	10,199.81	9,506.56
Net profit for the year	1,455.04	731.75
Transfer from other comprehensive income	4.56	(38.50)
Net surplus in the Statement of Profit and Loss	11,659.41	10,199.81

20 Non-current borrowings

(₹ in Lakhs)

	As at 31 March 2022	As at 31 March 2021
Secured		
Non-convertible debentures (NCD's)	-	1,949.88
Term Loans from banks		
- Indian rupee loan	2,376.53	1,694.20
- Vehicle Loans	-	2.92
From Non-Banking Financial Company (NBFC) (Indian rupee loan)	1,007.41	-
	3,383.94	3,647.00
Less: Current maturities of long term borrowings (Refer note 22)	(1,491.60)	(1,464.08)
	1,892.34	2,182.92

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

20 Non-current borrowings (Contd..)

Nature of security and terms of repayment for secured borrowings

(i) NCD's, Indian rupee loan from a bank and a NBFC are secured by way of first charge on all present and future property, plant and equipment including Land & Building, Plant & Machinery and second charge on all current assets on pari passu basis with lead banker & other members under consortium arrangement. The loans are also secured by personal guarantee of managing director.

(ii)

	As at 31 March 2022			As at 31 March 2021		
	Principal o/s	Effective interest rate in %	Repayment terms	Principal o/s	Effective interest rate in %	Repayment terms
Indian rupee loan from banks						
Bank of India (Repayment start from: December 2020 and last installment in June 2022)	45.20	1 year MCLR (7.35%)	Repayable in 18 monthly Installments of ₹ 7.97 lakhs for 6 months and ₹ 22.59 lakhs for next 12 months	287.10	1 year MCLR (7.70%)	Repayable in 18 monthly Installments of ₹ 7.97 lakhs for 6 months and ₹ 22.59 lakhs for next 12 months
Bank of India (Repayment start from: February 2022 and last installment in February 2026)	529.60	MCLR +1 % (8.25%)	Repayable in 48 equated monthly Installments of ₹ 13.52 lakhs	550.00	MCLR +1 % (8.35%)	Repayable in 48 equated monthly Installments of ₹ 13.52 lakhs
Bank of India (Repayment start from: May 2022 and last installment in May 2026)	390.00	MCLR +1 % (8.35%)	Repayable in 48 equated monthly Installments of ₹ 9.58 lakhs	-	-	-
Bank of India (Repayment start from: November 2023 and last installment in November 2027)	279.00	RBLR +1 % (7.85%)	Repayable in 48 equated monthly Installments of ₹ 6.79 lakhs	-	-	-
SVC Co-Operative Bank Limited, (Repayment start from: January 2021 and last installment in January 2023)	582.74	PLR minus 7.55% (10.50%)	Repayable in 36 equated monthly Installments of ₹ 29.27 lakhs	857.10	PLR minus 7.55% (10.50%)	Repayable in 36 equated monthly Installments of ₹ 29.27 lakhs
SVC Co-Operative Bank Limited, (Repayment start from: January 2024 and last installment in January 2028)	549.99	PLR minus 9.80% (8.25%)	Repayable in 48 equated monthly Installments of ₹ 11.86 lakhs	-	-	-
Indian rupee loan from Non-Banking Financial Company (NBFC)						
Tata Capital Financial Services Limited (Repayment start from: August 2021 and last installment in April 2023)	1,018.12	LTR minus 9% (10.25%)	Repayable in 19 equated monthly Installments of ₹ 78.32 lakhs	-	-	-

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

20 Non-current borrowings (Contd..)

(₹ in Lakhs)

	As at 31 March 2022			As at 31 March 2021		
	Principal o/s	Effective interest rate in %	Repayment terms	Principal o/s	Effective interest rate in %	Repayment terms
Vehicle Loans from banks						
ICICI Bank Limited (Repayment start from : 31 October 2018 and last installment in August 2021)	-	-	-	2.92	8.70%	Repayable in 36 equated monthly Installments of ₹ 0.50 lakhs
Non-convertible debentures (NCD's)						
UTI Structured Debt Opportunities Fund NCD (Repayment start from : April 2019 and last installment in August 2021)	-	-	-	1,983.52	13.50%	Repayable in 48 equated monthly Installments of ₹ 94.77 lakhs
Deferred expense towards processing fees is netted of against loan.	(10.71)			(33.64)		
	3,383.94			3,647.00		

Assets Pledged as security

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

(₹ in Lakhs)

	As at 31 March 2022	As at 31 March 2021
Non-current assets		
- Property, plant and equipment (including leasehold land but excluding other right to use assets)	15,753.36	14,637.60
Current assets	20,059.65	18,297.07
Total assets Pledged as security	35,813.01	32,934.67

21 Lease liabilities (Non-current)

(₹ in Lakhs)

	As at 31 March 2022	As at 31 March 2021
Lease liabilities (Refer note 44)	72.23	16.75
	72.23	16.75

Current :

22 Borrowings

(₹ in Lakhs)

	As at 31 March 2022	As at 31 March 2021
Secured		
- From Banks, repayable on demand		
- Cash credit / packing credit	1,734.45	4,460.00
Current maturities of long term borrowings	1,491.60	1,464.08
	3,226.05	5,924.08

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

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

Current

23 Lease liabilities

	(₹ in Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Lease liabilities (Refer Note 44)	140.74	108.22
	140.74	108.22

24 Trade payables

	(₹ in Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Dues of micro enterprises and small enterprises (Refer note below)	191.80	148.33
Payables to related parties (Refer note 46)	6.51	15.32
Dues of creditors other than micro enterprises and small enterprises	7,908.78	6,323.45
	8,107.09	6,487.10
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	191.80	148.33
- Interest due on above	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-
d. the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

24 Trade payables (Contd..)

Ageing of Trade payables

	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(₹ in Lakhs)					
As at 31 March 2022					
Total outstanding dues of micro enterprises and small enterprises	191.80	-	-	-	191.80
Total outstanding dues of creditors other than micro enterprises and small enterprises	7,640.85	194.08	55.52	24.84	7,915.29
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
	7,832.65	194.08	55.52	24.84	8,107.09
As at 31 March 2021					
Total outstanding dues of micro enterprises and small enterprises	148.33	-	-	-	148.33
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,848.22	478.84	11.71	-	6,338.77
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
	5,996.55	478.84	11.71	-	6,487.10

25 Other financial liabilities

	(₹ in Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Interest accrued but not due on borrowings	12.35	9.24
Un-claimed dividends*	25.70	42.48
Employee related liabilities	282.89	343.60
Payable for capital expenditure	114.41	113.55
Overdrawn bank balances as per books	-	3.09
	435.35	511.96

* There is delay in transferring unpaid dividend amount of ₹ 5.61 lakhs pertaining to FY 2013-14 (31 March 2021: ₹ 6.32 lakhs pertaining to FY 2012-13 and Rs. 6.87 lakhs pertaining to FY 2011-12) to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013. The aforesaid unpaid dividend could not be transferred due to administrative issues faced by the bankers of the Holding Company. However, unpaid dividends as mentioned above have been transferred to the Investor Education and Protection fund subsequent to the year end.

26 Other current liabilities

	(₹ in Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Advance received from customers	2,197.28	823.24
Statutory dues	157.18	153.73
Deferred Government grants	44.76	52.96
Others	4.30	1.88
	2,403.52	1,031.81

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

27 Provisions

	As at 31 March 2022	As at 31 March 2021
(₹ in Lakhs)		
Provision for employee benefits		
Provision for gratuity (Refer note 48)	-	76.09
Provision for compensated absences	71.68	64.29
	71.68	140.38

28 Current tax liabilities (net)

	As at 31 March 2022	As at 31 March 2021
(₹ in Lakhs)		
Provision for tax (net of advance tax Rs. 145.75 lakhs) (31 March 2021 Rs. Nil)	206.56	-
	206.56	-

29 Revenue from operations

	Year ended 31 March 2022	Year ended 31 March 2021
(₹ in Lakhs)		
Sale of products		
Manufactured goods	31,863.48	28,363.86
Stock in trade	961.07	832.68
Other operating revenue		
Product development income	-	536.67
Export incentives	269.88	734.64
Scrap Sales	6.36	3.97
Others	241.89	254.51
	33,342.68	30,726.33

Disclosure as per Ind AS 115

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

There are no variable components such as discounts, chargebacks, rebates, sales returns etc

B Disaggregation of revenue:

Nature of segment	Year ended 31 March 2022	Year ended 31 March 2021
(₹ in Lakhs)		
A. Major Product/Service line:		
- Sale of pharmaceutical goods	32,824.55	29,196.54
- Product development service income	-	536.67
- Others (Export incentives, Scrap sales, etc.)	518.13	993.12
Total revenue from contracts with customers	33,342.68	30,726.33
B. Primary geographical market:		
- In India	6,329.69	7,609.80
- Outside India	27,012.99	23,116.53
Total revenue from contracts with customers	33,342.68	30,726.33

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

29 Revenue from operations (Contd..)

B Disaggregation of revenue: (Contd..)

Nature of segment	Year ended 31 March 2022	Year ended 31 March 2021
(₹ in Lakhs)		
C. Timing of the revenue recognition:		
- Goods transferred at a point in time	33,342.68	30,189.66
- Services transferred over time	-	536.67
Total revenue from contracts with customers	33,342.68	30,726.33

C Contract Balances

Significant changes in contract asset balances are as follows:

	Year ended 31 March 2022	Year ended 31 March 2021
(₹ in Lakhs)		
Contract Assets		
Opening Balance	940.35	475.67
Add: Revenue recognised during the year	-	536.67
Less: Invoiced during the year	117.75	71.99
Closing balance	822.60	940.35

D Outstanding service obligation regarding product development contracts

The Group has entered into contracts pertaining to product development projects. The outstanding service obligations pertaining to these contracts aggregates Rs. Nil (31 March 2021 : Nil) as at year end.

30 Other income

	Year ended 31 March 2022	Year ended 31 March 2021
(₹ in Lakhs)		
Interest income on financial assets measured at amortised cost		
- Fixed deposits	17.28	34.02
- Others	11.15	34.71
Dividend income on investments	0.60	-
Exchange rate difference (net)	385.39	139.43
Apportioned income from government grant	8.20	8.20
Other non-operating income	17.65	17.33
	440.27	233.69

31 Cost of materials consumed

	Year ended 31 March 2022	Year ended 31 March 2021
(₹ in Lakhs)		
Opening inventory	3,058.52	3,349.90
Add: Purchases	18,080.86	15,682.42
Less: Closing inventory	4,137.76	3,058.52
	17,001.62	15,973.80
Less: Cost of material sold	940.64	691.59
	16,060.98	15,282.21

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

32 Purchase of Stock in trade

	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Details of purchases of traded goods		
Tablets	-	27.57
Capsules	3.17	7.10
Bulk Drugs	937.47	656.92
	940.64	691.59

33 Changes in inventories of finished goods and work in progress

	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
At the end of the year		
Work in progress	1,265.94	1,073.59
Finished goods	1,869.27	1,094.72
	3,135.21	2,168.31
At the beginning of the year		
Work in progress	1,073.59	552.01
Finished goods	1,094.72	1,505.77
	2,168.31	2,057.78
	(966.90)	(110.53)

34 Employee benefits expense

	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, wages and bonus	3,663.23	3,290.62
Contribution to provident and other funds (Refer note 47(A) and 48(a))	122.47	120.85
Gratuity expense (Refer note 48)	57.87	51.87
Staff welfare expenses	163.02	112.95
	4,006.59	3,576.29

35 Finance costs

	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Interest on NCD's	113.77	332.22
Interest on other borrowings:		
- From banks	591.19	616.20
Interest on delayed payment of income tax	11.97	2.62
Other borrowing costs	113.69	138.78
	830.62	1,089.82

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

36 Depreciation and amortisation expense

	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on property, plant and equipment	1,289.60	1,274.08
Amortisation of intangible assets	313.71	304.82
	1,603.31	1,578.90

37 Other Expenses

	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Consumption of stores and spares	89.67	62.12
Power and fuel	901.69	691.00
Water charges	12.25	12.93
Insurance	38.33	33.40
Repairs and maintenance		
Machines	364.66	353.49
Buildings	81.73	27.22
Others	219.14	107.80
Contract labour	1,620.89	1,351.74
Printing & stationery	37.44	23.45
Communication costs	43.88	38.14
Legal and professional fees	1,055.29	721.53
Payment to auditors (Refer note below (a))	51.19	51.07
Advertisement & sales promotion	90.25	79.63
Travelling and conveyance	282.83	156.59
Commission on sales	1,856.77	1,593.68
Freight and forwarding charges	1,322.77	1,122.96
Bad debts written off	5.47	66.82
Rates and taxes	22.18	19.40
Property, plant and equipment written off	0.30	-
Rent (Refer note 44)	50.95	28.68
Laboratories Expenses	526.76	437.25
Corporate social responsibility expenses (Refer note 52)	20.62	26.69
Miscellaneous expenses	508.40	304.95
	9,203.46	7,310.54

Note

(a) Auditors' remuneration (of the Parent Company) (excluding taxes)

	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
As Auditors	48.00	48.00
Other Services	2.10	2.15
Out of Pocket Expenses	1.09	0.92
	51.19	51.07

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

37(A) Exceptional items

	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Bad debts written off (net of provision for doubtful debts adjusted Rs. Nil (31 March 2021: Rs. 796.59 lakhs))	-	(518.08)
	-	(518.08)

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

38 Tax (expense) / credit

	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Current tax for the year (net of Minimum alternative tax credit entitlement/ utilisation ₹ 170 lakhs) (31 March 2021: ₹ 4.00 lakhs)	(354.47)	(3.02)
Tax adjustments pertaining to earlier years	0.35	(0.35)
Deferred tax expenses		
Increase / (Decrease) in deferred tax assets	(237.61)	(358.28)
(Increase) / Decrease in deferred tax liabilities	(59.36)	86.10
	(296.97)	(272.18)
	(651.09)	(275.55)
Tax (expense) / credit recognised in Statement of profit and loss	(649.21)	(291.37)
Tax (expense) / credit recognised in other comprehensive income	(1.88)	15.82
	(651.09)	(275.55)
Tax reconciliation		
Profit before tax	2,104.25	1,023.12
Tax at the rate of 29.12% (31 March 2021 29.12%)	(612.76)	(297.93)
Tax adjustment pertaining to earlier years	0.35	(0.35)
Tax effect of amounts which are not deductible / taxable		
Income/(expenses) exempted from income taxes	27.79	49.19
Difference in tax rates for certain entities of the Group	2.48	4.27
Permanent Disallowances	(1.92)	(0.59)
Allowances / Disallowances under specific provisions of Income tax act, 1961 (net)	(37.81)	49.54
Disallowance of Donation/Corporate social responsibility expenses	(8.34)	(9.53)
Other tax deductions	(19.00)	(85.97)
	(649.21)	(291.37)

39 Fair value measurements

Financial instruments by category :

All financial assets and financial liabilities, except derivative instruments and investment in equity shares of the Group are under the amortised cost measurement category at each of the reporting date.

Fair value hierarchy

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

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

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

39 Fair value measurements (Contd..)

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

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

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

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

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

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

Fair value for assets and liabilities measured at amortised cost	31 March 2022				31 March 2021			
	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3	Carrying amount
Financial liabilities								
Borrowings (other than short term borrowings)	-	3,383.94	-	3,383.94	-	3,647.00	-	3,647.00
Lease liabilities (other than current liabilities)	-	72.23	-	72.23	-	16.75	-	16.75

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

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

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

Valuation processes

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

40 Financial risk management

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

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

A Market risk

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

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

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

40 Financial risk management (Contd..)

Market risk - interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

According to the Group, interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates

Exposure to interest rate risk

	(₹ in Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Total Borrowings	5,118.39	8,107.00
% of Borrowings out of above bearing variable rate of interest	100%	76%

Interest rate sensitivity

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

	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
50 bp increase would decrease the profit before tax by	(25.59)	(30.77)
50 bp decrease would increase the profit before tax by	25.59	30.77

Market risk - Foreign currency risk management

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

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

As at 31 March 2022

Particulars	(Amount in lakhs)					
	USD		EURO		AED	
	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade receivable	72.31	5,480.79	3.92	330.42	-	-
Trade payables	4.55	344.91	-	-	-	-
Advance received from customers	11.46	859.42	-	-	28.54	578.59
Balance in EEFC Account	-	0.02	-	-	-	-
PCFC and PFCFC	14.34	1,086.70	-	-	-	-
Export commission	21.47	1,627.59	0.01	0.54	-	-

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

40 Financial risk management (Contd..)

As at 31 March 2021

Particulars	(Amount in lakhs)					
	USD		EURO		CAD/ ZAR	
	Foreign currency	INR	Foreign currency	INR	Foreign currency	INR
Trade receivable	58.07	4,245.34	2.33	199.83	1.06	61.56
Trade payables	0.02	1.74	-	-	-	-
Advance received from customers	1.86	132.91	4.61	399.42	4.09	19.83
Balance in EEFC Account	0.30	21.67	0.18	15.51	-	-
PCFC and PFCFC	17.26	1,261.84	-	-	-	-
Export commission	15.54	1,136.39	0.18	15.14	-	-

Sensitivity to foreign currency risk

Particulars	(₹ in Lakhs)	
	Impact on statement of profit and loss for the year ended	
	31 March 2022	31 March 2021
USD sensitivity		
INR / USD		
Increase by 5%	78.11	86.71
Decrease by 5%	(78.11)	(86.71)
Euro sensitivity		
INR / Euro		
Increase by 5%	16.49	(9.96)
Decrease by 5%	(16.49)	9.96
AED sensitivity		
INR / AED		
Increase by 5%	(28.93)	-
Decrease by 5%	28.93	-

B Credit risk

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

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

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

Credit risk management

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

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

40 Financial risk management (Contd..)

B Credit risk (Contd..)

Trade receivables are generally recovered within the credit period. The Group measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

Ageing of Trade receivables

	As at 31 March 2022	As at 31 March 2021
(₹ in Lakhs)		
Not due	4,842.44	3,683.32
Less than 6 months	3,587.02	2,317.90
6-12 months	399.91	494.51
1-2 years	110.23	682.77
2-3 years	27.45	86.00
More than 3 years	75.32	50.91
Total	9,042.37	7,315.41

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

Movement in provisions of doubtful debts

	As at 31 March 2022	As at 31 March 2021
(₹ in Lakhs)		
Opening provision	90.28	886.87
Add:- Additional provision made	-	-
Less:- Provision utilised/ adjusted against bad debts (net)	-	(796.59)
Closing provisions	90.28	90.28

C Liquidity risk

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

Liquidity risk management

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

Maturities of non – derivative financial liabilities

As at 31 March 2022

	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
(₹ in Lakhs)				
Non-current borrowings (including current maturities)	1,491.60	1,892.34	-	3,383.94
Current financial liabilities - Borrowings	1,734.45	-	-	1,734.45
Trade payables	8,107.09	-	-	8,107.09
Lease Liabilities	140.74	72.23	-	212.97
Other current financial liabilities	435.35	-	-	435.35
Total	11,909.23	1,964.57	-	13,873.80

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

40 Financial risk management (Contd..)

C Liquidity risk (Contd..)

As at 31 March 2021

	0 month to 1 year	Between 1 and 5 years	Beyond 5 years	Total
(₹ in Lakhs)				
Particulars				
Non-current borrowings from banks (including current maturities)	1,464.08	2,182.92	-	3,647.00
Current financial liabilities - Borrowings	4,460.00	-	-	4,460.00
Trade payables	6,487.10	-	-	6,487.10
Lease Liabilities	108.22	16.75	-	124.97
Other current financial liabilities	511.96	-	-	511.96
Total	13,031.36	2,199.67	-	15,231.03

41 Capital management

Risk management

The Group's objectives when managing capital are to

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

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

	As at 31 March 2022	As at 31 March 2021
(₹ in Lakhs)		
The capital composition is as follows:		
Net debt*	4,788.71	7,976.99
Total equity	17,570.95	16,075.00
Net debt to equity ratio	27%	50%

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

42 Net debt reconciliation

	As at 31 March 2022	As at 31 March 2021
(₹ in Lakhs)		
Cash and cash equivalents	342.03	139.25
Non-current borrowings	(3,383.94)	(3,647.00)
Current borrowings	(1,734.45)	(4,460.00)
Interest Payable	(12.35)	(9.24)
Net Debt	(4,788.71)	(7,976.99)

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

42 Net debt reconciliation (Contd..)

(₹ in Lakhs)

	Cash and cash equivalents and bank overdraft	Non current borrowings	Current borrowings	Interest Payable	Total
Net as at 01 April 2020	146.10	(4,016.02)	(4,969.00)	(9.66)	(8,848.58)
Cash flows (net)	(6.85)	432.68	516.22	-	942.05
IND AS adjustments	-	(63.66)	-	39.73	(23.93)
Foreign exchange adjustments	-	-	(7.22)	-	(7.22)
Finance cost expense	-	-	-	(1,065.90)	(1,065.90)
Finance cost paid	-	-	-	1,026.59	1,026.59
Net as at 31 March 2021	139.25	(3,647.00)	(4,460.00)	(9.24)	(7,976.99)
Cash flows (net)	202.78	285.99	2,737.85	-	3,226.62
IND AS adjustments	-	(22.93)	-	4.60	(18.33)
Foreign exchange adjustments	-	-	(12.30)	-	(12.30)
Finance cost expense	-	-	-	(800.35)	(800.35)
Finance cost paid	-	-	-	792.64	792.64
Net as at 31 March 2022	342.03	(3,383.94)	(1,734.45)	(12.35)	(4,788.71)

43 Subsidiaries considered in the consolidated financial statement are as follows:

Sr. No	Name of the Subsidiaries	Principal place of business and country of incorporation	Proportion of ownership interest
1	Zim Laboratories FZE	UAE	100%
2	Zim Health Technologies Limited	INDIA	100%
3	SIA Zim Laboratories Limited	LATVIA	100%
4	Zim Thinorals Private Limited (w.e.f. 18 May 2021)	INDIA	100%

Statement pursuant to details to be furnished for subsidiaries as prescribed by Companies Act, 2013

Name of the entity	2021-22							
	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As % of consolidated net assets	₹ in lakhs	As % of consolidated profit or loss	₹ in lakhs	As % of other Comprehensive Income	₹ in lakhs	As % of total Comprehensive Income	₹ in lakhs
Parent: ZIM Laboratories Limited	96.81%	17,010.60	89.43%	1,301.28	11.15%	4.56	87.29%	1,305.84
Foreign subsidiaries								
ZIM Laboratories FZE	7.49%	1,316.52	11.22%	163.30	-	-	10.92%	163.30
SIA Zim Laboratories Limited	-0.26%	(45.89)	-4.66%	(67.87)	-	-	-4.54%	(67.87)
Indian subsidiaries								
Zim Health Technologies Limited	0.43%	75.38	4.02%	58.49	-	-	3.91%	58.49
Zim Thinorals Private Limited	0.06%	9.84	-0.01%	(0.16)	-	-	-0.01%	(0.16)
Total elimination/adjustment	-4.53%	(795.50)	-	-	88.85%	36.35	2.43%	36.35
TOTAL	100.00%	17,570.95	100.00%	1,455.04	100.00%	40.91	100.00%	1,495.95

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

43 Subsidiaries considered in the consolidated financial statement are as follows : (Contd..)

Name of the entity	2020-21							
	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As % of consolidated net assets	₹ in lakhs	As % of consolidated profit or loss	₹ in lakhs	As % of other Comprehensive Income	₹ in lakhs	As % of total Comprehensive Income	₹ in lakhs
Parent: ZIM Laboratories Limited	97.70%	15,704.76	76.75%	561.62	85.61%	(38.50)	76.17%	523.12
Foreign subsidiaries								
ZIM Laboratories FZE	6.96%	1,118.09	22.46%	164.36	-	-	23.93%	164.36
SIA Zim Laboratories Limited	0.14%	22.39	-1.22%	(8.91)	-	-	-1.30%	(8.91)
Indian subsidiaries								
Zim Health Technologies Limited	0.11%	16.88	2.01%	14.68	-	-	2.14%	14.68
Total elimination/adjustment	-4.90%	(787.12)	-	-	14.39%	(6.47)	-0.94%	(6.47)
TOTAL	100.00%	16,075.00	100.00%	731.75	100.00%	(44.97)	100%	686.78

44 Leases

(₹ in Lakhs)

	As at 31 March 2022	As at 31 March 2021
The Balance sheet discloses the following amounts relating to leases:		
Leasehold Land*	633.64	576.86
Other Right to use Assets		
Buildings	2.78	11.07
Plant and equipment	246.26	217.91
	882.68	805.84
Lease liabilities		
Current	140.74	108.22
Non-current	72.23	16.75
	212.97	124.97

* There are no lease liabilities in respect of the leasehold land as the entire amount has been paid upfront on the date of the execution of the lease agreement with respective authorities.

(₹ in Lakhs)

Amounts recognised in statement of profit and loss	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation charge on		
Leasehold Land	5.70	2.99
Other Right to use Assets		
Buildings	8.28	8.28
Plant and equipment	209.94	162.91
	223.92	174.18
Interest expense included in finance cost	30.27	23.92
Expense relating to short-term leases	50.95	28.68
Expense relating to leases of low-value assets that are not shown above as short-term leases	-	-
Expense relating to variable lease payments not included in lease liability	-	-
Total cash outflow for leases during current financial year (excluding short term leases)	122.58	139.40
Additions to the right of use assets during the current financial year	300.76	183.38

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

45 Research and development expenditure

	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Revenue expenditure charged to Statement of Profit and Loss (under notes 34, 36 and 37)	1,687.48	1,386.66
Capital Expenditure	571.48	92.84
	2,258.96	1,479.50

46 Related Party Disclosures

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

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

	Key Managerial Personnel:	Nature of relationship
(i) Key Managerial Personnel:		
	Dr. Anwar S. Daud	Managing Director and shareholder with significant influence
	Mr. Zulfiquar Kamal	Director (Finance)
	Mr. Riaz A. Kamal (upto 30 June 2021)	Director (Administration)
	Mr. Niraj Dhadiwal	Director (Business Development)
	Mr. Prakash Sapkal	Director (Operations)
	Dr.Naresh Gaikwad (upto 31 March 2022)	Independent Director
	Dr. V.V. Parashar (upto 31 March 2022)	Independent Director
	Mr. Suprakash. Chakravarty (upto 31 March 2022)	Independent Director
	Mr. Padmakar Joshi	Independent Director
	Mrs. Kavita Loya	Independent Director
	Dr. Kamlesh Shende (w.e.f. 1 April 2022)	Company Secretary & Compliance Officer
	Dr. Kakasaheb Mahadik (w.e.f. 1 April 2022)	Chief Financial Officer
	Mr. Piyush Nikhade	Company Secretary & Compliance Officer
	Mr. Shyam Mohan Patro	Chief Financial Officer
(ii) Key Managerial Personnel: Wholly owned subsidiary companies		
	Dr. Chandrashekhar Mainde	Executive Director and Chief Executive Officer (ZIM Health Technologies Limited)
	Mrs. Rashida Daud (w.e.f. 01 July 2020)	General Manager (ZIM Laboratories FZE)
(iii) Other relatives:		
	Mrs. Sabbah Kamal	Wife of Director (Finance)
	Dr. Nidhi Sapkal (upto 31 July 2021)	Wife of Director (Operations)
(iv) Other Significant influences		
	AA Development Capital India Fund 1, LLC (upto 21 June 2021)	Investor exercising significant influence
	Elizabeth Mathew (w.e.f. 21 June 2021 upto 23 March 2022)	Shareholder exercising significant influence
	Mathew Cyriac (w.e.f. 23 March 2022)	Shareholder exercising significant influence

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

46 Related Party Disclosures (Contd..)

B. Related Party Disclosures:

	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Nature of transactions		
1) Remuneration		
Dr. Anwar S. Daud	134.58	124.53
Mr. Riaz A. Kamal*	50.38	26.50
Mr. Zulfiquar Kamal	82.50	73.75
Mr. Niraj Dhadiwal	75.00	58.84
Mr. Prakash Sapkal	74.00	57.83
Mr. Piyush Nikhade	24.15	16.77
Mr. Shyam Mohan Patro	70.85	61.92
Dr. Chandrashekhar Mainde	120.00	106.60
Mrs. Rashida Daud	7.29	5.37
2) Director's fees		
Dr.Naresh Gaikwad	1.00	1.00
Dr. V.V. Parashar	1.00	1.00
Mr. Suprakash. Chakravarty	1.00	1.00
Mr. Padmakar Joshi	1.00	1.00
Mrs. Kavita Loya	6.00	6.00
3) Professional Fees		
Dr. Nidhi Sapkal	8.00	24.00
4) Rent paid		
Dr. Anwar S. Daud	11.04	10.56
Mrs. Sabbah Kamal	2.40	2.40
* The remuneration during the year includes post employment benefits of ₹ 44.38 lakhs.		
The remuneration to Key management personnel does not include provision for employee benefits determined on actuarial basis.		
5) Share Application Money received, shares were allotted during the year under ESOS		
Mr. Niraj Dhadiwal		2.50
Mr. Prakash Sapkal		2.50

	(₹ in Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Balances outstanding at year end #		
Advance for expenses to Key Managerial Personnel		
Dr. Anwar S. Daud	-	4.79
Payable to Key Managerial Personnel		
Dr. Anwar S. Daud	5.79	4.60
Mr. Zulfiquar Kamal	4.51	0.02
Mr. Riaz A. Kamal	-	3.15
Mr. Niraj Dhadiwal	3.42	2.94
Mr. Prakash Sapkal	2.84	4.29
Mr. Piyush Nikhade	1.37	2.25
Mr. Shyam Mohan Patro	3.78	14.23
Dr. Chandrashekhar Mainde	16.75	22.90
Mrs. Rashida Daud	1.24	5.37
Trade Payable		
Dr. Anwar S. Daud	5.80	9.75
Dr. Nidhi Sapkal	-	2.21
Mrs. Sabbah Kamal	0.71	0.24
Dr. Naresh Gaikwad	-	0.26

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

46 Related Party Disclosures (Contd..)

B. Related Party Disclosures: (Contd..)

	(₹ in Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Dr. V. V. Parashar	-	0.46
Mr. Suprakash. Chakravarty	-	0.26
Mr. Padmakar Joshi	-	0.36
Mrs. Kavita Loya	-	1.78

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

	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Executive Directors' compensation		
a) Short- term employee benefits	491.65	447.33
b) Post- employment benefits	44.81	0.72
Total compensation *	536.46	448.05

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

Equity infusion into the Company are not considered for disclosure as these are not considered "outstanding" exposures". Refer notes 18 for the same.

47 Contingent liabilities and commitments

(A) Contingent liabilities

	(₹ in Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Nature of transactions		
Income Tax Assessments for earlier years, pending in appeal	551.42	551.42
Gram Panchayat Tax	13.70	6.69
Duty saved considering export obligation to be fulfilled subsequent to the reporting date, within the period allowed under the Advance License scheme	133.08	46.49

Notes:

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

Other matter

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

(B) Commitments

	(₹ in Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Nature of transactions		
Estimated value of contracts in capital account remaining to be executed (net of capital advance)	93.09	104.77

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

48 Employee Benefits

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

(a) Defined Contribution Plan:

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

	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Executive Directors compensation		
Employer's Contribution to Provident fund	115.85	108.20
Employer's Contribution to ESIC	6.30	12.32
Employer's Contribution to Labour welfare fund	0.32	0.33

(b) Defined Benefits Plan :

Gratuity

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

	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Mortality Table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Discount rate	6.84%	6.49%
Salary growth rate	5.00%	5.00%
Withdrawal rate	12.00%	12.00%
Expected rate & return on Plan assets	6.84%	6.49%
Changes in the Fair value of Plan Assets		
Present Value of Plan Assets at the beginning of the year	575.40	480.47
Investment Income	37.34	31.67
Employer's Contribution	96.94	63.62
Benefits Paid	(9.38)	-
Actuarial adjustment: Return on plan assets, excluding amount recognised in net interest expense	(0.23)	(0.36)
Fair Value of Plan Assets at the end of the year	700.07	575.40
Changes in the Present Value of Obligation		
Present Value of Obligation at the beginning of the year	651.49	535.64
Current service cost	52.93	48.23
Interest expenses or cost	42.28	35.30
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in the demographic assumptions	(0.26)	-
- change in the financial assumptions	(11.27)	3.08
- experience variance (i.e. Actual experience v/s assumptions)	4.86	50.88
Past Service Cost	-	-
Benefits Paid	(78.51)	(21.64)
Present Value of Obligation at the end of the year	661.52	651.49

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

48 Employee Benefits (Contd..)

Nature of transactions	(₹ in Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Amount recognised in the Balance Sheet		
Present Value of Obligation at the end of the year	661.52	651.49
Fair Value of Plan Assets at the end of the year	(700.07)	(575.40)
Net (Asset) /Liability recognised at the end of the year	(38.55)	76.09
Percentage of each category of plan assets to total fair value of plan assets as at year end:		
Administered by Life Insurance Corporation of India	100.00%	100.00%

Executive Directors compensation	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Expenses recognised in the Statement of Profit and Loss		
Current service cost	52.93	48.23
Past service cost	-	-
Loss/ (gain) on settlement	-	-
Net Interest cost / (income) on the Net Defined Benefit Liability / (Asset)	4.94	3.64
Total expenses recognised in the Statement of Profit and Loss	57.87	51.87
Actuarial (gains) / losses		
Actuarial (gain) / loss on Obligation for the period	(6.67)	53.96
Return on Plan Assets, excluding interest income	0.23	0.36
Actuarial (Gain)/ Loss recognised in Other Comprehensive Income	(6.44)	54.32

The defined benefit obligations shall mature after year end 31 March 2022 as follows:

	(₹ in Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Year 1	95.13	113.07
Year 2	84.15	78.55
Year 3	91.70	76.04
Year 4	88.83	79.03
Year 5	62.35	78.45
Thereafter	567.59	526.55

Sensitivity Analysis:

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

	(₹ in Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Defined Benefit Obligation (Base)	661.52	651.49

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

48 Employee Benefits (Contd..)

	Year ended 31 March 2022		Year ended 31 March 2021	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+ 1%)	33.34	(30.08)	32.67	(29.40)
(% change compared to base due to sensitivity)	5.0%	-4.5%	5.0%	-4.5%
Salary Growth Rate (-/+ 1%)	(27.73)	30.10	(27.06)	29.27
(% change compared to base due to sensitivity)	-4.2%	4.5%	-4.2%	4.5%
Attrition Rate (+/- 1%)	3.78	(4.19)	2.92	(3.25)
(% change compared to base due to sensitivity)	0.6%	-0.6%	0.4%	-0.5%

(c) Compensated absences

The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year and net charge to the Statement of Profit and Loss for the year is ₹ 78.17 lakhs (Previous Year: ₹ 114.20 lakhs)..

49 Segment information

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

Information about geographical areas are as under:

Particulars	(₹ in Lakhs)					
	31 March 2022			31 March 2021		
	In India	Outside India	Total	In India	Outside India	Total
Revenue from operations	6,329.69	27,012.99	33,342.68	7,609.80	23,116.53	30,726.33
Carrying amount of segment assets (non-current)	11,508.18	916.77	12,424.95	11,187.63	1,098.88	12,286.51
Carrying amount of segment assets (current)	13,278.53	7,434.01	20,712.54	12,139.05	6,187.34	18,326.39
Capital expenditure for the year	1,499.52	122.64	1,622.16	663.44	157.06	820.50
- Tangible	1,458.63	4.25	1,462.88	641.83	0.73	642.56
- Intangible	40.89	118.39	159.28	21.61	156.33	177.94

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

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

50 Employees Stock Option Scheme

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

I. The position of the Employee Stock Option Scheme (ESOS) of the Company as at 31 March 2022 is as under:

S. No.	Particulars	ESOS
1	Details of approval	Resolution passed by Nomination & Remuneration committee at its meeting dated 16 May 2015 and the shareholders, in the Extra ordinary General Meeting held on 27 May 2015 had approved the grant of 1,22,449 employee stock options in accordance with the ESOP Scheme, equivalent to 1.53% of the issued and paid up share capital of the Company as at 31 March 2015. During the earlier year, Nomination & Remuneration committee at its meeting dated 14 August 2018 and the Shareholders in the Annual General Meeting held on 21 September 2018 have approved the ZIM Laboratories Limited Employees Stock Option Scheme 2015, as amended in accordance with the requirements of SEBI (Share Based Employee Benefit), Regulations 2014. Shareholders in above Annual General Meeting have also approved issue of bonus shares in the ratio of 1:1 to shareholders holding shares as on Record Date i.e. 06 October 2018. Accordingly, the outstanding options as at 6 October 2018 have been adjusted for issue of bonus shares.
2	Total number of stock options approved	1,83,665
3	Vesting schedule	01 June 2016 - 30,625 equity shares 01 June 2017 - 30,608 equity shares 01 June 2018 - 61,216 equity shares 01 June 2019 - 61,216 equity shares
4	Maximum term of Options granted (years)	5
5	Source of shares (Primary, Secondary or combination)	Primary
6	Variation in terms of options	NA
7	Price per option	At Face value (i.e. Rs 10)
8	The exercise period	Exercise anytime within one year from date of vesting.
9	Vested during the year	-
10	Exercised during the year	-
11	Weighted average price* (₹)	117.81 (before adjustment towards issue of bonus shares)

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

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

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

50 Employees Stock Option Scheme (Contd..)

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

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

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

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

IV. The movement of stock options are summarized below:

Particulars	Number of options for the year ended 31 March 2022	Number of options for the year ended 31 March 2021
Options outstanding at the beginning of the year	Nil	Nil
Options Forfeited / lapsed during the year	Nil	Nil
Options vested during the year	Nil	Nil
Options exercised during the year	Nil	61,216
Money realised by exercise of options	Nil	₹ 6.12 lakhs
Expired during the year	Nil	Nil
Options outstanding at the end of the year	Nil	Nil
Options exercisable at the end of the year	Nil	Nil

V. The exercise price and expected remaining contractual life (comprising the vesting period and exercise period) of options outstanding as at 31 March 2022 and 31 March 2021 is as follows:

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

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

(₹ in Lakhs)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Exercised during the year	-	6.12

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

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

(₹ in Lakhs)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Within one year	-	-
Between two years to five years	-	-

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

51 Earnings per share

	(₹ in Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
I. Profit Computation for both Basic and Diluted Earnings per share:		
Net Profit attributable to equity share holders	1,455.04	731.75
II. Computation of weighted average number of equity shares :		
Weighted average number of equity shares in calculating basic EPS	1,62,41,938	1,62,28,036
Weighted average number of equity shares in calculating diluted EPS	1,62,41,938	1,62,28,036
III. Earnings Per Share:		
Basic Earning Per Share (₹) (Face value of ₹ 10 per share)	8.96	4.50
Diluted Earning Per Share (₹) (Face value of ₹ 10 per share)	8.96	4.50

52 Contribution towards Corporate Social Responsibility (CSR)

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

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Average net profit of the Company for last three financial years	1,008.04	1,334.31
Prescribed CSR expenditure (2% of the average net profit as computed above)	20.16	26.69
Details of CSR expenditure during the financial year :		
(a) Total amount required to be spent for the financial year	20.16	26.69
(b) Amount approved by the Board to be spent for the financial year	20.16	26.69

Particulars	(₹ in Lakhs)		
	In cash	Yet to be paid in cash	Total
(c) Amount spent for the financial year ending on 31 March 2022:			
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	20.62	-	20.62
(d) Amount spent for the financial year ending on 31 March 2021:			
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	26.69	-	26.69

	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
(e) Detailed related to spent/ unspent obligations :		
(i) Contribution to Public Trust	-	-
(ii) Contribution to Charitable Trust	20.16	26.69
(iii) Unspent amount in relation to :		
- Ongoing project	-	-
- Other than ongoing project	-	-
	20.16	26.69

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

52 Contribution towards Corporate Social Responsibility (CSR) (Contd..)

Details of ongoing project and other than ongoing project

In case of S. 135(6) (Ongoing Project)			
Opening Balance (With Company)	Amount required to be spent for the year	Amount spent for the year (From Company's bank A/c)	Closing Balance (With Company)
-	-	-	-

(₹ in Lakhs)				
In case of S. 135(5) Excess amount spent				
Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent for the year	Amount spent for the year	Closing Balance
-	-	20.16	20.62	(0.46)

In case of S. 135(6) (Ongoing Project)			
Opening Balance	Amount required to be spent for the year	Amount spent for the year	Closing Balance
-	20.16	20.62	(0.46)

53 Ratio Analysis and its elements

Ratio	Basis		Year ended 31 March 2022	Year ended 31 March 2021	% change
Current ratio	Current Assets Current Liabilities	Times	1.45	1.35	8%
Debt- Equity Ratio	Total Debt Total Equity	%	29%	50%	-42%
Debt Service Coverage Ratio *	Earnings for debt service Debt Service	Times	1.02	0.99	3%
Return on Equity Ratio	Profit After Tax Average Equity	%	8.65%	4.65%	86%
Inventory Turnover Ratio	Cost of Goods Sold Avg. Inventory	Times	2.47	2.87	-14%
Trade Receivable Turnover Ratio	Revenue from Sale of Products Average Trade Receivables	Times	4.06	4.17	-3%
Trade Payable Turnover Ratio	Cost of Goods Sold Average Trade Payables **	Times	3.74	4.41	-15%
Net Capital Turnover Ratio	Revenue from Operations Working Capital ***	Times	5.03	6.18	-19%
Net Profit Ratio	Net Profit After Tax Revenue from operations	%	4.36%	2.38%	83%

Significant accounting policies and other explanatory information to the Consolidated Financial Statements

for the year ended 31 March 2022

53 Other Statutory Information (Contd..)

Ratio	Basis		Year ended 31 March 2022	Year ended 31 March 2021	% change
Return on Capital Employed	Earnings before Interest and Tax **** Capital Employed *****	%	12.52%	10.84%	16%
Return on Investment			NA ##	NA ##	0%
Operating Profit Margin	Earnings before Interest and Tax **** Revenue from operations	%	8.80%	8.56%	3%
Basic EPS	Net Profit attributable to equity share holders Weighted average number of equity shares	Times	8.96	4.50	99%
Interest coverage ratio	Earnings before Interest and Tax **** Finance costs	Times	3.53	2.41	46%

* Earnings for Debt Service = Net Profit after tax + Depreciation and amortisation expense + Finance costs, Debt Service = Principal Repayments + Finance costs (recognised)

** Average Trade Payables = Average Trade payables for the materials purchase

*** Working Capital = Current Assets - Current Liabilities

**** Earnings before Interest and Tax = Profit before exceptional item and tax + Finance costs (recognised)

***** Capital Employed = Average of equity and total debts

The Group has insignificant trade investment.

- (i) Debt -Equity Ratio: Improvement by 42% in the current year is mainly due to improved working capital management and repayment of borrowings during the year.
- (ii) Return on Equity Ratio: Increased by 86% in the current year due to improvement in net profit margin and profitability which in the previous year was affected due mainly to exceptional item- loss
- (iii) Net Profit Ratio: Increased by 83% in the current year due to improvement in net profit margin and profitability which in the previous year was affected mainly due to exceptional item- loss
- (iv) Basic EPS: Increased by 99% in the current year due to improvement in net profit margin and profitability which in the previous year was affected mainly due to exceptional item- loss
- (v) Interest coverage ratio : Improvement by 46% in the current year is mainly due reduction in the finance costs on account of improved working capital management

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

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

For and on behalf of the Board of Directors

Adi P. Sethna
Partner
Membership No.: 108840

Anwar S. Daud
Managing Director
DIN: 00023529

Zulfiqar M. Kamal
Director (Finance)
DIN: 01786763

Shyam Mohan Patro
Chief Financial Officer

Piyush Nikhade
Company Secretary

Place: Nagpur
Date: 21 May 2022

Place: Nagpur
Date: 21 May 2022



ZIM Laboratories Limited

Registered Office - Sadoday Gyan (Ground Floor),
Opp. N.A.D.T, Nelson Square, Nagpur – 440013, India.

Phone No. - 0712 - 2981960

E-Mail - cs@zimlab.in **Website** - www.zimlab.in

