

**LINCOLN**  
PHARMACEUTICALS LTD.  
HEALTHCARE FOR ALL

Date: October 5, 2017

|  |  |
|--|--|
| To,<br>The Manager,<br>Listing Department,<br><b>National Stock Exchange of India Limited,</b><br>Exchange Plaza, C-1, Block-G, Bandra-Kurla<br>Complex, Bandra (E), Mumbai-400 051. | To,<br>The Department of Corporate Service,<br><b>Bombay Stock Exchange Limited,</b><br>Phiroze Jeejeebhoy Tower,<br>Dalal Street, Mumbai-400 001. |
| <b>Scrip Code-LINCOLN</b>  | <b>Scrip Code-531633</b>   |

Dear Sir,

**Sub.: Submission of the Annual Report as required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

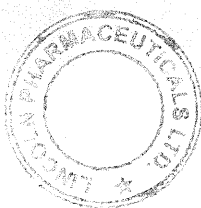
With reference to the above, we submit herewith the 23<sup>rd</sup> Annual Report of the Company for the Financial Year ended on March 31, 2017 duly approved and adopted by the members as per the provisions of the Companies Act, 2013 at its Annual General Meeting held on Friday, September 29, 2017.

Kindly take the same on your records.

Thanking you.

Yours faithfully,  
**FOR LINCOLN PHARMACEUTICALS LIMITED**

**(AUTHORISED SIGNATORY)**



Encl: As Above

Regd. Office : "Lincoln House", Science City Road, Sola, Ahmedabad-380 060. Gujarat, India  
Phone : +91-79-6777 8000 | Fax : +91-79-6777 8062 | CIN L24230GJ1995PLC024288  
E-mail : info@lincolnpharma.com | Website : www.lincolnpharma.com

Factory : 10, 12, 13, Trimul Estate, Near Khatraj Chokadi, P.O. Khatraj-382721. Ta. : Kalol, Dist. Gandhinagar, (Guj.)  
Phone : 02764-665000 | Fax : 02764-281809  
E-mail : khatraj@lincolnpharma.com





Spreading Wellness



**ANNUAL**  
**23<sup>rd</sup> REPORT**  
2016-2017



# R<sub>x</sub> Tinnex<sup>TM</sup>

Caroverine 20 mg Capsules

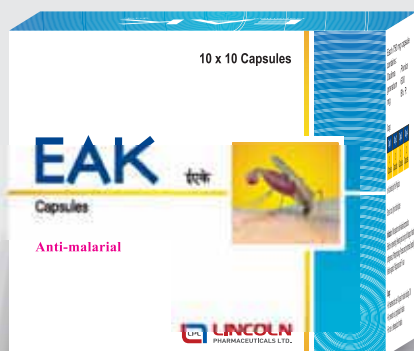


# NAMCOLD-DX

Dextromethorphan Polistirex 30 mg Suspension

# LUTHER AQUA

$\alpha$ - $\beta$  Arteether 150 mg/ml Injection



# EAK

Each 750 mg capsule contains :

|           |                          |         |       |
|-----------|--------------------------|---------|-------|
| Dalimba   | Punica granatum          | 600 mg  | Bh.P. |
| Harsingar | Nyctanthes arbor-tristis | 75 mg   | Bh.P. |
| Sindhav   | Sodii chloridum          | 37.5 mg | Bh.P. |
| Sanchal   | Unaqua Sodium chloride   | 37.5 mg | Bh.P. |

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

1. Shri Kishor M. Shah - Chairman
2. Shri Mahendra G. Patel - Managing Director
3. Shri Rajnikant G. Patel - Jt. Managing Director
4. Shri Hashmukh I. Patel - Whole-Time Director
5. Shri Aashish R. Patel - Whole-Time Director
6. Shri Munjal M. Patel - Whole-Time Director
7. Shri Arvind G. Patel - Director
8. Shri Iswarlal A. Patel - Director
9. Dr. Pirabhai R. Suthar - Director
10. Dr. Meha M. Patel - Director

### COMPANY SECRETARY

Mr. Bhavik P. Parikh

### AUDITORS

1. **M/s. J. T. Shah & Co.**  
Chartered Accountants,  
[Statutory Auditor]
2. **M/s. Kiran J. Mehta & Co.**  
Cost Accountants  
[Cost Auditor]
3. **M/s. Rahul Agarwal & Associates**  
Practicing Company Secretary  
[Secretarial Auditor]

### BANKER

State Bank of India  
Yes Bank

### CORPORATE IDENTITY NUMBER (CIN)

L24230GJ1995PLC024288

### ISIN

INE405C01035

### REGISTERED OFFICE

"LINCOLN HOUSE", Behind Satyam Complex,  
Science City Road, Sola, Ahmedabad-380060.  
Ph. No.: +91-79-67778000,  
Fax: +91-79-67778062,  
Email ID: info@lincolnpharma.com,  
Website: www.lincolnpharma.com.

### REGISTRAR AND SHARE TRANSFER AGENT (RTA)

LINK INTIME INDIA PRIVATE LIMITED  
5<sup>th</sup> Floor, 506-508, Amarnath Business Centre-1,  
Beside Gala Business Centre, Near St. Xavier's Collage Corner,  
Off C. G. Road, Navrangpura, Ahmedabad-380009.  
Ph. No.: +91-79-30002684 / +91-79-26465179  
Email ID: ahmedabad@linkintime.co.in

### COMMITTEES

- 1) **AUDIT COMMITTEE**  
Shri Iswarlal A. Patel - Chairman  
Dr. Pirabhai R. Suthar - Member  
Shri Mahendra G. Patel - Member
- 2) **STAKEHOLDER RELATIONSHIP COMMITTEE**  
Shri Arvind G. Patel - Chairperson  
Shri Mahendra G. Patel - Member  
Shri Hashmukh I. Patel - Member  
Shri Iswarlal A. Patel - Member
- 3) **NOMINATION AND REMUNERATION COMMITTEE**  
Shri Iswarlal A. Patel - Chairperson  
Dr. Pirabhai R. Suthar - Member  
Shri Kishor M. Shah - Member
- 4) **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**  
Shri Mahendra G. Patel - Member  
Shri Rajnikant G. Patel - Member  
Shri Iswarlal A. Patel - Member

### PLANT

10,12,13, Trimul Estate, At. Khatraj, Ta-Kalol,  
District-Gandhinagar, Gujarat.  
Ph. No.: +91-2764-665000  
Email ID: khatraj@lincolnpharma.com

| 23 <sup>rd</sup> Annual General Meeting |   |
|---|---|
| Day:                                    | Friday  |
| Date:                                   | September 29, 2017  |
| Time                                    | 10.30 A.M.  |
| Venue:                                  | "LINCOLN HOUSE", Behind Satyam Complex,<br>Science City Road, Sola, Ahmedabad-380060. |

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LINCOLN

## NOTICE

**NOTICE** is hereby given that the 23<sup>rd</sup> Annual General Meeting of the members of **LINCOLN PHARMACEUTICALS LIMITED** will be held on Friday, the 29<sup>th</sup> day of September, 2017 at 10.30 a.m. at the registered office of the Company at "LINCOLN HOUSE", Behind Satyam Complex, Science City Road, Sola, Ahmedabad-380060 to transact the following businesses:

### ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements including Balance Sheet as on March 31, 2017, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Report of the Directors' and Auditors' thereon.
2. To declare Dividend on Equity Shares for the Financial Year 2016-17.
3. To appoint a Director in place of Shri Aashish R. Patel [DIN: 01309017], who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Arvind G. Patel [DIN: 00104885], who retires by rotation and being eligible offers himself for re-appointment.
5. To consider and if thought fit to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and of the Companies (Audit and Auditors) Rules, 2014, including any statutory modification(s) or re-enactment(s) or modification(s) thereof, as may be applicable and pursuant to the recommendations of the Audit Committee, M/s. J. T. Shah & Co., Chartered Accountants, [FRN: 109616W], Ahmedabad be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the Twenty-Eight Annual General Meeting of the Company, subject to ratification at every Annual General Meeting on such remuneration as may be decided by Shri Mahendra G. Patel, Managing Director of the Company in consultation with the M/s. J. T. Shah & Co., plus applicable taxes, out-of-pocket expenses, travelling and other expenses, in connection with the work of audit to be carried out by them.

### SPECIAL BUSINESSES:

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:-

**RESOLVED THAT** in accordance with the provisions of sections 196, 197, Schedule V and all other applicable provisions of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force), read with Articles of Association of the Company and such other approvals as are necessary, consent of the Company be and is hereby accorded to the re-appointment of Shri Mahendra G. Patel [Holding DIN: 00104706] as the Managing Director of the Company with effect from October 1, 2016, for a period of three years on the remuneration and the terms and conditions as set out in the Explanatory Statement.

**RESOLVED FURTHER THAT** in the event of any loss, absence or inadequacy of the profits of the Company, the remuneration mentioned in the Explanatory Statement shall be paid to Shri Mahendra G. Patel, as minimum remuneration and the same shall be subject to the limits as set out in Section II of Part II of Schedule V of the Companies Act, 2013 and as may be amended from time to time.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to revise from time to time during the tenure of the appointment of Shri Mahendra G. Patel, the remuneration payable to him subject to overall limits laid down in Section 197, Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force) without further approval of members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:-

**RESOLVED THAT** in accordance with the provisions of sections 196, 197, Schedule V and all other applicable provisions of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force), read with Articles of Association of the Company and such other approvals as are necessary, consent of the Company be and is hereby accorded to the re-appointment of Shri Rajnikant G. Patel [Holding DIN: 00104786] as the Jt. Managing Director of the Company with effect from October 1, 2016, for a period of three years on the remuneration and the terms and conditions as set out in the Explanatory Statement.

**RESOLVED FURTHER THAT** in the event of any loss, absence or inadequacy of the profits of the Company, the remuneration mentioned in the Explanatory Statement shall be paid to Shri Rajnikant G. Patel, as minimum remuneration and the same shall be subject to the limits as set out in Section II of Part II of Schedule V of the Companies Act, 2013 and as may be amended from time to time.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to revise from time to time during the tenure of the appointment of Shri Rajnikant G. Patel, the remuneration payable to him subject to overall limits laid down in Section 197, Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force) without further approval of the members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution.

**8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:-**

**RESOLVED THAT** in accordance with the provisions of sections 196, 197, Schedule V and all other applicable provisions of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force), read with Articles of Association of the Company and such other approvals as are necessary, consent of the Company be and is hereby accorded to the re-appointment of Shri Hashmukh I. Patel [Holding DIN: 00104834] as the Whole-Time Director of the Company with effect from October 1, 2016, for a period of three years on the remuneration and the terms and conditions as set out in the Explanatory Statement.

**RESOLVED FURTHER THAT** in the event of any loss, absence or inadequacy of the profits of the Company, the remuneration mentioned in the Explanatory Statement shall be paid to Shri Hashmukh I. Patel, as minimum remuneration and the same shall be subject to the limits as set out in Section II of Part II of Schedule V of the Companies Act, 2013 and as may be amended from time to time.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to revise from time to time during the tenure of the appointment of Shri Hashmukh I. Patel, the remuneration payable to him subject to overall limits laid down in Section 197, Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force) without further approval of the members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution.

**9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:-**

**RESOLVED THAT** pursuant to the provisions of Section 196, 197, Schedule V and all the other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Articles of Association of the Company and recommendation of the Nomination and Remuneration Committee, approval be and are hereby granted for revision in remuneration payable to Shri Munjal M. Patel, [Holding DIN: 02319308] Whole-Time Director of the Company upto ₹ 65.00 Lakhs (Rupees Sixty Five Lakhs) p.a. with suitable breakup as per the rules / policy of the Company with effect from April 1, 2017. In addition to the said salary, he shall be entitled to the Commission / incentive of an amount not exceeding ₹ 50.00 Lakhs per annum depending upon his work performance as may be decided by the Board of Directors of the Company.

**RESOLVED FURTHER THAT** in the event of any loss, absence or inadequacy of the profits of the Company, the remuneration mentioned above shall be paid to Shri Munjal M. Patel, as minimum remuneration and the same shall be subject to the limits as set out in Section II of Part II of Schedule V of the Companies Act, 2013 and as may be amended from time to time.

**RESOLVED FURTHER THAT** all the other terms and conditions with regard to the appointment and remuneration shall remain unchanged.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to revise from time to time during the tenure of the appointment of Shri Munjal M. Patel, the remuneration payable to him subject to overall limits laid down in Section 197, Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force) without further approval of the members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution.

**10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:-**

**RESOLVED THAT** pursuant to the provisions of Section 196, 197, Schedule V and all the other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Articles of Association of the Company and recommendation of the Nomination and Remuneration Committee, approval be and is hereby granted for revision in remuneration payable to Shri Aashish R. Patel, [Holding DIN: 01309017] Whole-Time Director of the Company upto ₹ 65.00 Lakhs (Rupees Sixty Five Lakhs) p.a. with suitable breakup as per the rules / policy of the Company with effect from April 1, 2017. In addition to the said salary, he shall be entitled to the Commission / incentive of an amount not exceeding ₹ 50.00 Lakhs per annum depending upon his work performance as may be decided by the Board of Directors of the Company.

**RESOLVED FURTHER THAT** in the event of any loss, absence or inadequacy of the profits of the Company, the remuneration mentioned above shall be paid to Shri Aashish R. Patel, as minimum remuneration and the same shall be subject to the limits as set out in Section II of Part II of Schedule V of the Companies Act, 2013 and as may be amended from time to time.

**RESOLVED FURTHER THAT** all the other terms and conditions with regard to the appointment and remuneration shall remain unchanged.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to revise from time to time during the tenure of the appointment of Shri Aashish R. Patel, the remuneration payable to him subject to overall limits laid down in Section 197, Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force) without further approval of the members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.





**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution.

**11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:-**

**RESOLVED THAT** pursuant to the provisions of Section 94 (1) and such other applicable provisions of the Companies Act, 2013 read with rule 5 (2) of the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), the consent of the members of the Company be and is hereby accorded to maintain and keep the Company's registers required to be maintained under Section 88 of the Companies Act, 2013 and copies of annual returns filed under Section 92 of the Companies Act, 2013 or any one or more of them, at the office premises of Company's Registrar and Share Transfer Agent (RTA), Link Intime India Pvt. Ltd., 5<sup>th</sup> Floor, 506-508, Amarnath Business Centre-1, Beside Gala Business Centre, Near St. Xavier's Collage Corner, Off C. G. Road, Navrangpura, Ahmedabad-380009 or at such other place as the Board may decide from time to time.

**RESOLVED FURTHER THAT** Shri Mahendra G. Patel, Managing Director and the Company Secretary of the Company be and are hereby jointly and / or severally authorised to take such steps and to do all such acts, deeds, matters and things as may be required to give effect to the foregoing resolution.

**12. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:-**

**RESOLVED THAT** pursuant to provisions of section 148 (3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the consent of the members be and is hereby accorded to ratify the remuneration decided by the Board of Directors based on the recommendation of the Audit Committee of ₹ 1,35,000 (Rupees One Lakh Thirty Five Thousand Only) p.a. plus out of pocket expense to M/s. Kiran J. Mehta & Co., Cost Accountants [FRN: 000025], Ahmedabad appointed by the Board of Directors to conduct the audit of cost records relating to the products, manufactured by the Company for the Financial Year 2017-18.

**Place : Ahmedabad**

**Date : August 10, 2017**

**REGISTERED OFFICE:**

"LINCOLN HOUSE"

Behind Satyam Complex,

Science City road, Sola,

Ahmedabad-380060.

**By Order of the Board**

**For Lincoln Pharmaceuticals Limited**

**Bhavik P. Parikh**

**Company Secretary**

**NOTES:**

1. The Explanatory Statements, pursuant to provisions of Section 102 of the Companies Act, 2013 ["the Act"] and rules made there under, in respect of special businesses as set out in the Notice to be transacted at the 23<sup>rd</sup> Annual General Meeting (AGM) is annexed hereto.
2. The Register of Members and Share Transfer Books of the company will remain closed from Saturday, September 23, 2017 to Friday, September 29, 2017 [both days inclusive] for the purpose of 23<sup>rd</sup> Annual General Meeting and payment of dividend, if approved at meeting.
3. The Board of Directors have recommended a Dividend of ₹ 1.20/- per share (12%) of face value of ₹ 10/- each for the Financial Year 2016-17.
4. Only registered members of the Company or any proxy appointed by such registered member may attend the 23<sup>rd</sup> Annual General meeting as provided under the provisions of the Companies Act, 2013.
5. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in the electronic form are, therefore, requested to submit their PAN to their Depository Participant. Members holding shares in physical form shall submit their PAN details to the Company.
6. A Route Map showing the Directions to reach the venue of the 23<sup>rd</sup> Annual General Meeting is attached along with the notice as per the requirement of Secretarial Standards-2 on General Meeting.
7. Shareholders holding Equity Shares shall have one vote per share as shown against their holding. The shareholders can vote for their entire voting rights as per their discretion.
8. Members are requested to vote only through electronic system or through poll/ballot at the 23<sup>rd</sup> Annual General Meeting and in no other form. In case the member casts his vote through both the process, the vote casted in electronic mode would prevail, and shall be considered as final.
9. Members who hold shares in electronic form are requested to write their DP ID and Client ID and those who hold shares in physical form are requested to write their Regd. Folio Number in the Attendance Slip for attending the 23<sup>rd</sup> Annual General meeting to facilitate identification of membership at the Annual General meeting.
10. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF, AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding 50 [fifty] and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is annexed herewith. Proxy form submitted on behalf of the Companies, Societies, etc. must be supported by an appropriate resolution/authority, as applicable.

11. Corporate members intending to send their authorised representatives to attend the meeting pursuant to section 113 of the Act are requested to send the Company a certified copy of Board Resolution/Authorization together with specimen signatures authorizing their representative to attend and vote on their behalf at the meeting.
12. Pursuant to the provisions of Section 125 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified by the Ministry of Corporate Affairs and its amendment made from time to time, the Company has issued Newspaper advertisement on December 12, 2016 and the Company has sent individual notice to the Shareholders on December 9, 2016 for transfer of all the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more, such shareholders' shares would be transferred to the Investor Education and Protection Fund (IEPF). Shareholders are requested to note that shares transferred to IEPF, including all benefits accruing on such shares, if any can be claimed back from the IEPF Authority after following the procedure prescribed under the said rule.

The Company has transferred the unpaid / unclaimed dividend upto Financial Year 2008-09 to the Investor Education and Protection fund (IEPF) established by the Central Government. Unclaimed dividend amount in respect of final dividend declared for the Financial Year 2009-2010 will be transferred to Investor Education and Protection fund on or before prescribed due date. Members who have not yet en-cashed their dividend warrant(s) for the Financial Year 2009-2010 are requested to make their claims to the Company without any delay.

Members holding shares in Demat form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service [NECS], Electronic Clearing Services [ECS] mandates, nominations, power of attorneys, change in address, change of name, email address, contact numbers, etc. to their Depository Participant [DP]. Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Transfer Agents to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Link Intime India Private Limited, Registrar and Transfer Agents (RTA) of the Company at: 5<sup>th</sup> Floor, 506-508, Amarnath Business Centre-1, Beside Gala Business Centre, Near St. Xavier's Collage Corner, Off C. G. Road, Navrangpura, Ahmedabad-380009. Ph. No.: +91-79-30002684/26465179, Email ID: ahmedabad@linkintime.co.in

13. Pursuant to Regulation 36 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and Secretarial Standards on the General Meeting issued by the Institute of Company Secretaries of India, the details of Directors seeking Appointment/Re-appointment at the 23<sup>rd</sup> Annual General Meeting of the Company to be held on September 30, 2017 is furnished as annexure to this Notice.
14. Members/proxies are requested to bring the attendance slip send herewith duly filled in for attending the meeting and members are also requested to bring the copy of Annual Report, to the meeting.
15. Members are requested to notify immediately the change of address, if any, to the Company or Link Intime India Private Limited, Registrar and Transfer Agents (RTA).
16. All the documents, if any, referred to in this notice and explanatory statement are available for inspection of the members at the registered office of the Company on any working day except Saturday, between 10:00 a.m. to 1:00 p.m. up to the conclusion of this meeting.
17. **Members who have not registered their Email addresses so far are requested to register their Email address for receiving all communications including Annual Report, Circulars, etc. from the Company electronically.**

Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with the Companies (Management and Administration Rules), 2014, and Regulation 36 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, companies can serve Annual Reports and other communications through electronic mode to those members who have registered their Email address either with the Company or with the Depository.

Members may also note that the Notice of the Meeting and the Annual Report will also be available on the Company's website [www.lincolnpharma.com](http://www.lincolnpharma.com) for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection at any time between 10:00 a.m. to 1:00 p.m. on all working day (Monday to Friday), except Saturdays, Sundays and holidays, up to the date of the Annual General Meeting.

Members desiring to seek information on Annual Accounts to be explained at the meeting are requested to send their queries at least ten days before the date of the meeting so that the information can be made available at the meeting.

#### **Voting through Electronic means:**

In compliance with provisions of section 108 of the Act and Rule 20 of The Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members the facility of 'Remote E-Voting' to exercise their right to vote at the 23<sup>rd</sup> Annual General Meeting (AGM). Necessary arrangements have been made by the Company with Central Depository Services [India] Limited (CDSL) to facilitate Remote E-Voting. The detailed process, instructions and manner for availing E-Voting facility is as below under notes.

- i. The Board of Directors has appointed Shri Umesh Parikh, Proprietor of M/s. Umesh Parikh & Associates, Practicing Company Secretary, (FCS No.: 4152) as the Scrutinizer to scrutinize the remote E-Voting process and voting process at AGM in a fair and transparent manner.
- ii. The Scrutinizer shall, immediately after the conclusion of poll at the meeting, would count the votes cast at the meeting and, thereafter unblock the votes cast through remote E-Voting in the presence of at least two witnesses not in the employment of the



Company and make, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or any person authorised by him, who shall counter sign the same.

- iii. The voting results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.lincolnpharma.com](http://www.lincolnpharma.com) and on the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com) immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited (BSE) and NSE Limited (NSE), where the equity shares of the Company are listed.
- iv. The facility for voting, through polling paper shall also be made available at the venue of the 23<sup>rd</sup> Annual General Meeting. The members attending the meeting, who have not already cast their vote through remote E-Voting shall be able to exercise their voting rights at the meeting. Members who have cast their vote by Remote E-Voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again. In case Members cast their votes through both the modes, voting done by E-Voting shall prevail and votes cast through Poll Paper shall be treated as invalid. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently or cast vote again.
- v. A person, whose names is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on cut-off date only shall be entitled to avail facility of Remote E-Voting and poll process at the venue of the meeting. Any person who has ceased to be the Member of the Company as on the cut-off date will not be entitled for Remote E-Voting or voting at the Annual General Meeting and should treat this Notice for information purpose only.
- vi. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as on cut-off date, may cast vote after following the instructions for E-Voting as provided in the Notice convening the Meeting, which is available on the website of the Company and CDSL. However, if you are already registered with CDSL for Remote E-Voting then you can use your existing User ID and password for casting your vote.
- vii. Shri Dushyant Nayak, In-charge Shares & Securities of the Company shall be responsible for addressing all the grievances in relation to 23<sup>rd</sup> Annual General Meeting including remote e voting related queries. His contact details are Email: [cs@lincolnpharma.com](mailto:cs@lincolnpharma.com), Ph no.: 079-67778000/81. Address: "LINCOLN HOUSE", Behind Satyam Complex Science City Road, Sola, Ahmedabad-380060.

**The instructions for shareholders voting electronically are as under:**

- 1) The Remote E-Voting period commences on Tuesday, September 26, 2017 [10:00 a.m.] and ends on Thursday, September 28, 2017 [5:00 p.m.]. During this period shareholders' of the Company, holding shares either in physical form or in Dematerialized form, as on the cut-off date (record date) of September 22, 2017, may cast their vote electronically. The E-Voting module shall be disabled by CDSL for voting thereafter.
- 2) The shareholders should log on to the E-Voting website [www.evotingindia.com](http://www.evotingindia.com).
- 3) Click on Shareholders.
- 4) Now Enter your User ID
  - a. For CDSL : 16 digits beneficiary ID,
  - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- 5) Next enter the Image Verification as displayed and Click on Login.
- 6) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- 7) If you are a first time user follow the steps given below:

|  | <b>For Members holding shares in Demat Form and Physical Form</b>  |
|--|--|
| PAN  | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.</li> </ul>  |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (4).</li> </ul> |

- 8) After entering these details appropriately, click on "SUBMIT" tab.
- 9) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- 10) For Members holding shares in physical form, the details can be used only for E-Voting on the resolutions contained in this Notice.

- 11) Click on the EVSN i.e. **170816010** for “**LINCOLN PHARMACEUTICALS LIMITED**” on which you choose to vote.
- 12) On the voting page, you will see “**RESOLUTION DESCRIPTION**” and against the same the option “**YES/NO**” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- 13) Click on the “**RESOLUTIONS FILE LINK**” if you wish to view the entire Resolution details.
- 14) After selecting the resolution you have decided to vote on, click on “**SUBMIT**”. A confirmation box will be displayed. If you wish to confirm your vote, click on “**OK**”, else to change your vote, click on “**CANCEL**” and accordingly modify your vote.
- 15) Once you “**CONFIRM**” your vote on the resolution, you will not be allowed to modify your vote.
- 16) You can also take a print of the votes cast by clicking on “**Click here to print**” option on the Voting page.
- 17) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on **Forgot Password** & enter the details as prompted by the system.
- 18) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for all mobile users. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- 19) **Note for Non-Individual Shareholders and Custodians:**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- 20) In case you have any queries or issues regarding E-Voting, you may refer the Frequently Asked Questions (“FAQs”) and E-Voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

**CONTACT DETAILS:**

|                                     |   |
|-------------------------------------|---|
| <b>Company</b>                      | <b>Lincoln Pharmaceuticals Limited</b>  |
| <b>Registrar and transfer agent</b> | <b>Link Intime India Private Limited</b><br>5 <sup>th</sup> Floor, 506-508, Amarnath Business Centre-1, Beside Gala Business Centre,<br>Near St. Xavier’s Collage Corner, Off C. G. Road, Navrangpura, Ahmedabad-380009.<br>Ph. No.: +91-79-26465179, +91-79-30002684,<br>Email ID: <a href="mailto:ahmedabad@linkintime.co.in">ahmedabad@linkintime.co.in</a> , Website : <a href="http://www.linkintime.co.in">www.linkintime.co.in</a> |
| <b>E-Voting Agency</b>              | <b>Central Depository Services (India) Limited</b><br>Email ID: <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a>  |
| <b>Scrutinizer</b>                  | <b>Shri Umesh G. Parikh</b><br>(Proprietor of M/s. Umesh Parikh & Associates),<br>Practicing Company Secretary<br>Email ID: <a href="mailto:evoting@parikhhdave.com">evoting@parikhhdave.com</a>  |

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:**

**Item No: 6**

Shri Mahendra G. Patel is having rich and varied experience of more than 36 years in the Pharma Industry. Presently, he is responsible for Corporate Planning, Export Business, legal and financial affairs of the Company.

During his tenure as the Managing Director of the Company he has continuously contributed to a great extent in the growth of the Company. Considering several aspects and his increased responsibilities, the Board of Directors has considered it appropriate and advisable to re-appoint him for a period of three years with effect from October 1, 2016 and accordingly he has been re-appointed as the Managing Director by the Board. In the event of any loss, absence or inadequacy of profits of the Company, the Company can pay remuneration to their managerial personnel as per the limits mentioned in Section II of Part II of Schedule V of the Companies Act, 2013 if the conditions mentioned therein are fulfilled. It is hereby declare that Company has not made any default in repayment of any of its debts including public deposits and interest thereon. The remuneration has been fixed on the basis of recommendation of the Nomination and Remuneration Committee. The terms and conditions of re-appointment are as under:

- A. Salary: Any amount not exceeding ₹ 75.00 Lakhs per annum with suitable break up as per the rules of the Company. He will be entitled for Annual Increment upto 25% of last salary drawn as may be finalized by Board of Directors of the Company.

- B. In addition to above (A), he shall be entitled to the Commission / incentive of an amount not exceeding ₹ 50.00 Lakhs per annum depending upon his work performance as may be decided by the Board of Directors of the Company.
- C. Perquisites: He shall also be eligible for the following perquisites which shall not be included in the computation of ceiling of remuneration specified here above:
- I. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - II. Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
  - III. Encashment of leave at the end of the tenure.
- D. He shall not be liable to retire by rotation.
- E. He will be entitled for other benefits as per the rules of the Company as available to other senior executives of the Company.

As per the provision of Sections 196, 197, Schedule V and all other applicable provisions of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force), the re-appointment of and payment of remuneration to Managing Director requires the approval of the Shareholders in General Meeting by way of resolution and hence necessary resolution has been proposed for your approval.

Your Directors recommend the resolution as embodied in the notice to be passed with or without modifications as Special Resolution.

Except Shri Mahendra Patel, being an appointee, Shri Rajnikant Patel Jt. Managing Director, Shri Arvind G. Patel, Director and Shri Munjal Patel, Whole-Time Director being relatives, none of the other Directors, Key Managerial personnel and their relatives are concerned or interested financially or otherwise in the proposed resolution.

**Statement containing information required to be given as per item (iv) of third proviso of  
Section II of Part II of Schedule V to the Companies Act, 2013.**

- A. **\*General Information:** As per note given below
- B. **Information about the appointee:**
- **Background details:** Shri Mahendra G. Patel is a Law Graduate. He possesses a rich business experience of about 36 years.
  - **Past Remuneration:** He was paid remuneration of ₹ 13.58 Lakhs Per annum plus perquisites and benefits till September 30, 2016.
  - **Recognition and awards:** NIL.
  - **Job profile and his suitability:** the Managing Director is mainly responsible for corporate planning, Export Business, legal and financial matters. He handles corporate planning, formulation of strategies, policy decisions, corporate finance, legal matters etc. His expertise, experience and knowledge has helped the Company to a great extent.
  - **Remuneration proposed:** As per details given above.
  - There are no companies of the same size in the industry as such there is no statistics available of comparative remuneration profiles.
  - Besides the proposed remuneration, he has no pecuniary relationship directly or indirectly with the Company except to the extent of his Shareholding in the Company.
- C. **\*\*Other information:** As per note given below

**Item No.: 7**

Shri Rajnikant G. Patel is a B.Pharm and is having rich and varied experience of more than 33 years in the Pharma Industry. Presently, he looks after entire manufacturing operation of pharmaceuticals formulation of the Company.

During his tenure as the Jt. Managing Director of the Company he has continuously contributed to a great extent in the growth of the Company. Considering several aspects and his increased responsibilities, the Board of Directors has considered it appropriate and advisable to re-appoint him for a period of three years with effect from October 1, 2016 and accordingly he has been re-appointed as the Jt. Managing Director by the Board. In the event of any loss, absence or inadequacy of profits of the Company, the Company can pay remuneration to their managerial personnel as per the limits mentioned in Section II of Part II of Schedule V of the Companies Act, 2013 if the conditions mentioned therein are fulfilled. It is hereby declare that Company has not made any default in repayment of any of its debts including public deposits and interest thereon. The remuneration has been fixed on the basis of recommendation of the Nomination and Remuneration Committee. The terms and conditions of re-appointment are as under:

- A. Salary: Any amount not exceeding ₹ 75.00 Lakhs per annum with suitable break up as per the rules of the Company. He will be entitled for Annual Increment upto 25% of last salary drawn as may be finalized by the Board of Directors of the Company.
- B. In addition to above (A), he shall be entitled to the Commission/ incentive of an amount not exceeding ₹ 50.00 Lakhs per annum depending upon his work performance as may be decided by the Board of Directors of the Company.
- C. Perquisites: He shall also be eligible for the following perquisites which shall not be included in the computation of ceiling of remuneration specified here above:
  - I. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - II. Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
  - III. Encashment of leave at the end of the tenure.

D. He shall not be liable to retire by rotation.

E. He will be entitled for other benefits as per the rules of the Company as available to other senior executives of the Company.

As per the provision of Sections 196, 197, Schedule V and all other applicable provisions of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force), the re-appointment of and payment of remuneration to Jt. Managing Director requires the approval of the Shareholders in General Meeting by way of resolution and hence necessary resolution has been proposed for your approval.

Your Directors recommend the resolution as embodied in the notice to be passed with or without modifications as Special Resolution.

Except Shri Rajnikant G. Patel, being an appointee, Shri Mahendra G. Patel, Managing Director, Shri Arvind G. Patel, Director and Shri Aashish R. Patel, Whole-Time Director being relatives none of the other Directors, Key Managerial personnel and their relatives are concerned or interested financially or otherwise in the proposed resolution.

**Statement containing information required to be given as per item (iv) of third proviso of  
Section II of Part II of Schedule V to the Companies Act, 2013.**

A. **\*General Information:** As per note given below

B. **Information about the appointee:**

- **Background details:** Shri Rajnikant G. Patel is a B.Pharm. He possesses a rich business experience of about 33 years.
- **Past Remuneration:** He was paid remuneration of ₹ 13.58 Lakhs Per annum plus perquisites and benefits till September 30, 2016.
- **Recognition and awards:** NIL.
- **Job profile and his suitability:** The Jt. Managing Director is responsible for managing the Company subject to the superintendence, control and direction of the Board of Directors. He handles product development, manufacturing and research and development activities of the Company. He has been instrumental in taking the Company to its present position. His expertise, experience and knowledge has helped the Company to a great extent.
- **Remuneration proposed:** As per details given above.
- There are no companies of the same size in the industry as such there is no statistics available of comparative remuneration profiles.
- Besides the proposed remuneration, he has no pecuniary relationship directly or indirectly with the Company except to the extent of his Shareholding in the Company.

C. **\*\*Other information:** As per note given below

**Item No.: 8**

Shri Hashmukh I. Patel is a Science Graduate and is having rich and varied experience of more than three decades in the Pharma Industry. Presently, he is responsible for entire gamut of domestic marketing as well as the entire sales distribution system of the Company.

During his tenure as the Whole-Time Director of the Company he has continuously contributed to a great extent in the growth of the Company. Considering several aspects and his increased responsibilities, the Board of Directors has considered it appropriate and advisable to re-appoint him for a period of three years with effect from October 1, 2016 and accordingly he has been re-appointed as the Whole-Time Director by the Board. In the event of any loss, absence or inadequacy of profits of the Company, the Company can pay remuneration to their managerial personnel as per the limits mentioned in Section II of Part II of Schedule V of the Companies Act, 2013 if the conditions mentioned therein are fulfilled. It is hereby declare that Company has not made any default in repayment of any of its debts including public deposits and interest thereon. The remuneration has been fixed on the basis of recommendation of the Nomination and Remuneration Committee. The terms and conditions of re-appointment are as under:

- A. **Salary:** Any amount not exceeding ₹ 75.00 Lakhs per annum with suitable break up as per the rules of the Company. He will be entitled for Annual Increment upto 25% of last salary drawn as may be finalized by the Board of Directors of the Company.
- B. In addition to above (A), he shall be entitled to the Commission/ incentive of an amount not exceeding ₹ 50.00 Lakhs per annum depending upon his work performance as may be decided by the Board of Directors of the Company.
- C. **Perquisites:** He shall also be eligible for the following perquisites which shall not be included in the computation of ceiling of remuneration specified here above:
  - I. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - II. Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
  - III. Encashment of leave at the end of the tenure.
- D. He shall be liable to retire by rotation.
- E. He will be entitled for other benefits as per the rules of the Company as available to other senior executives of the Company.

As per the provision of Sections 196, 197, Schedule V and all other applicable provisions of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force), the re-appointment of and payment of remuneration to Whole-Time Director requires the approval of the Shareholders in General Meeting by way of resolution and hence necessary resolution has been proposed for your approval.

Your Directors recommend the resolution as embodied in the notice to be passed with or without modifications as Special Resolution.

Except Shri Hashmukh I. Patel, being an appointee none of the other Directors, Key Managerial personnel and their relatives are concerned or interested financially or otherwise in the proposed resolution.

**Statement containing information required to be given as per item (iv) of third proviso of  
Section II of Part II of Schedule V to the Companies Act, 2013.**

**A. \*General Information:** As per note given below

**B. Information about the appointee:**

- **Background details:** Shri Hashmukh I. Patel is a Science Graduate. He possesses a rich business experience of about three decades.
- **Past Remuneration:** He was paid remuneration of ₹ 13.58 Lakhs Per annum plus perquisites and benefits till September 30, 2016.
- **Recognition and awards:** NIL.
- **Job profile and his suitability:** The Whole-Time Director is responsible for managing the entire gamut of domestic marketing as well as the entire sales distribution system of the Company. His experience and knowledge has helped the Company to a great extent.
- **Remuneration proposed:** As per details given above.
- There are no companies of the same size in the industry as such there is no statistics available of comparative remuneration profiles.
- Besides the proposed remuneration, he has no pecuniary relationship directly or indirectly with the Company except to the extent of his Shareholding in the Company.

**C. \*\*Other information:** As per note given below

**Item No.: 9**

Shri Munjal M. Patel has been appointed as the Whole-Time Director of the Company w.e.f. November 14, 2014 for the term of five years at remuneration as approved by the shareholders at Annual General Meeting held on September 30, 2015. In view of increased responsibility, the Board thought it advisable to increase his remuneration and accordingly the same has been revised by the Board subject to approval by shareholders. The revision in remuneration payable to him has also been recommended by the Nomination and Remuneration committee. Pursuant to provisions of section 196, 197, Schedule V and all the other applicable provisions of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the revision in remuneration payable to Whole-Time Director requires the approval of the Shareholders in General Meeting by way of Resolution and hence necessary resolution has been proposed for your approval.

Your Directors hereby declare that Company has not made any default in repayment of any of its debts including public deposits and interest thereon.

Your Directors recommend the resolution as embodied in the notice to be passed with or without modifications as Special Resolution.

Except Shri Munjal M. Patel, being an appointee and Shri Mahendra G. Patel being relative, none of the other Directors, Key Managerial personnel and their relatives are concerned or interested financially or otherwise in the proposed resolution.

**Statement containing information required to be given as per item (iv) of third proviso of  
Section II of Part II of Schedule V to the Companies Act, 2013.**

**A. \*General Information:** As per note given below

**B. Information about the appointee:**

- **Background details:** Shri Munjal M. Patel is an MBA-Finance and PGDIFA. He is having business experience of about a decade in the Pharmaceutical Industry.
- **Past Remuneration:** He was paid remuneration of ₹ 13.28 Lakhs Per annum plus perquisites and benefits till March 31, 2017.
- **Recognition and awards:** NIL.
- **Job profile and his suitability:** The Whole-Time Director is mainly responsible for International Trade and financial matters. He handles International Operations, formulation of strategies, policy decisions, etc. His expertise, experience and knowledge has helped the Company to a great extent.
- **Remuneration proposed:** Remuneration upto ₹ 65.00 Lakhs per annum with suitable breakup as per the rules /policy of the Company.
- There are no companies of the same size in the industry as such there is no statistics available of comparative remuneration profiles.
- Besides the proposed remuneration, he has no pecuniary relationship directly or indirectly with the Company except to the extent of his Shareholding in the Company.

**C. \*\*Other information:** As per note given below

**Item No.: 10**

Shri Aashish R. Patel has been appointed as the Whole-Time Director of the Company w.e.f. November 14, 2014 for the term of five years at remuneration as approved by the shareholders at Annual General Meeting held on September 30, 2015. In view of increased responsibility, the Board thought it advisable to increase his remuneration and accordingly the same has been revised by the Board subject to approval by shareholders. The revision in remuneration payable to him has also been recommended by the Nomination and Remuneration



committee. Pursuant to provisions of section 196, 197, Schedule V and all the other applicable provisions of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the revision in remuneration payable to Whole-Time Director requires the approval of the Shareholders in General Meeting by way of Resolution and hence necessary resolution has been proposed for your approval.

Your Directors hereby declare that Company has not made any default in repayment of any of its debts including public deposits and interest thereon.

Your Directors recommend the resolution as embodied in the notice to be passed with or without modifications as Special Resolution.

Except Shri Aashish R. Patel, being an appointee and Shri Rajnikant G. Patel being relative, none of the other Directors, Key Managerial personnel and their relatives are concerned or interested financially or otherwise in the proposed resolution.

**Statement containing information required to be given as per item (iv) of third proviso of  
Section II of Part II of Schedule V to the Companies Act, 2013.**

**A. \*General information:** As per note given below.

**B. Information about the appointee:**

- **Background details:** Shri Aashish R. Patel is an MBA-Marketing (U.K). He possesses a business experience of about 12 years.
- **Past Remuneration:** He was paid remuneration of ₹ 16.04 Lakhs Per annum plus perquisites and benefits till March 31, 2017.
- **Recognition and awards:** NIL.
- **Job profile and his suitability:** The Whole-Time Director is mainly responsible for Marketing Operation of the Company. He handles Sales Operation, formulation of strategies, policy decisions, etc. His expertise, experience and knowledge has helped the Company to a great extent.
- **Remuneration proposed:** Remuneration upto ₹ 65.00 Lakhs per annum with suitable breakup as per the rules /policy of the Company.
- There are no companies of the same size in the industry as such there is no statistics available of comparative remuneration profiles.
- Besides the proposed remuneration, he has no pecuniary relationship directly or indirectly with the Company except to the extent of his Shareholding in the Company.

**C. \*\* Other information:** As per note given below.

**\*NOTE:**

**A. \*General Information:**

1. Nature of Industry : Pharmaceutical Industry
2. The commercial operations have already begun.
3. The Company is not a new Company.
4. Financial Performance:

(₹ In Lakhs)

| Particulars  | Year ended on<br>March 31, 2017 | Year ended on<br>March 31, 2016 |
|--------------|---------------------------------|---------------------------------|
| Net sales    | 30,466.42                       | 31,081.12                       |
| Other income | 127.07                          | 629.07                          |
| Net Profit   | 2,528.36                        | 2,174.62                        |

5. There was an export earnings amounting to ₹ 11,198.60 lakhs during the Financial Year 2017-18.

6. Foreign direct investments and collobration, if any: Nil

**C. \*\*Other information:**

- The Company is engaged in the business of manufacturing and selling of Pharma Products. The Company's products are very well accepted in the local as well as international Market. The Company commenced its operations in the year 1997, since then the Company has grown leaps and bounds. The Net Profit of the Company has increased from ₹ 2174.62 lakhs in the year 2015-16 to ₹ 2528.35 lakhs in the year 2016-17.

Company is putting more thrust on product development, R & D activities and expansion for Export market and for that purpose it is spending heavily on it and hence the profits of the Company are low.

The Company has taken series of steps under the guidance of the Management for improving and development of the Company. The Company has also taken steps to curtail expenditure, introducing high value added products, aggressive marketing. This would help the Company to further improve its results.

**Item No: 11**

As required under the provisions of Section 94 the Companies Act, 2013, certain documents such as the Register of Members, Index of Members and certain other registers, certificates, documents etc., are required to be kept at the registered office of the Company. However, these documents can be kept at any other place within the city, town or village in which the registered office is situated or any other place in India in which more than one-tenth of the total members entered in the register of members reside, if approved by a Special Resolution passed at a general meeting of the Company.





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Accordingly, the approval of the members is sought in terms of Section 94 of the Companies Act, 2013, for keeping the aforementioned registers and documents at the office of the Registrar and Transfer Agent (RTA), Link Intime India Pvt. Ltd., at 5<sup>th</sup> Floor, 506-508, Amarnath Business Centre-1, Beside Gala Business Centre, Near St. Xavier's Collage Corner, Off C. G. Road, Navrangpura, Ahmedabad-380009 and such other places as the RTA, shift its office from time to time.

A copy of the proposed resolution is being forwarded in advance to the Registrar of Companies, Gujarat, Ahmedabad, as required under the said Section 94 (1) of the Companies Act, 2013.

The Directors recommends passing of the proposed special resolution.

None of the Directors, Key Managerial Personnel or their relatives are in any way, concerned or interested financially or otherwise in the proposed resolution.

### **Item No: 12**

The Board of Directors on the recommendation of the Audit Committee, has appointed M/s. Kiran J. Mehta & Co., Cost Accountants [FRN No.: 000025], Ahmedabad to conduct the audit of cost records relating to the products, manufactured by the Company for the Financial Year ending on March 31, 2018.

As per the provisions of section 148 (3) of the Act read with Rule 14 of The Companies (Audit and Auditors) Rules, 2014, the remuneration fixed by the Board of Directors is to be ratified by the Members of the Company.

Accordingly, consent of the Members of the Company is sought for passing the Resolution for ratification of remuneration payable to the Cost Auditors for the Financial Year ending on March 31, 2018.

Your Directors recommend passing of the proposed resolution.

None of the Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

**Place : Ahmedabad**

**Date : August 10, 2017**

**REGISTERED OFFICE:**

"LINCOLN HOUSE"

Behind Satyam Complex,

Science City road, Sola,

Ahmedabad-380060.

**By Order of the Board  
For Lincoln Pharmaceuticals Limited**

**Bhavik P. Parikh  
Company Secretary**

**ANNEXURE TO NOTICE  
INFORMATION TO SHAREHOLDERS**

(In Pursuance of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015  
and Secretarial Standard on General Meeting as issued by the Institute of Company Secretaries of India)

**Details of the Directors seeking Re-Appointment in the forthcoming Annual General Meeting**

| <b>Name of Directors</b>  | <b>Shri Aashish R. Patel</b>                             | <b>Shri Arvind G. Patel</b>  | <b>Shri Munjal M. Patel</b>                            |
|---|--|--|--|
| DIN   | 01309017   | 00104885   | 02319308   |
| Date of Birth   | 12/05/1981   | 29/09/1950   | 26/06/1982   |
| Date of Appointment on the Board  | 14/11/2014   | 03/02/1995   | 14/11/2014   |
| Qualifications  | M.B.A-Marketing (U.K)                                    | B.E. (Electrical)  | MBA-Finance & PGDIFA                                   |
| Total Remuneration last drawn   | ₹ 16.04 Lakhs p.a.                                       | NIL  | ₹ 13.28 Lakhs p.a.                                     |
| Nature of expertise in specific functional areas                              | Marketing & Sales  | Management & Administration  | International Trade & Financial Matters                |
| Relationship with other Directors, Manager and other Key Managerial Personnel | Shri Aashish R. Patel is Son of Shri Rajnikant G. Patel. | Shri Arvind G. Patel is brother of Shri Mahendrabhai G. Patel & Shri Rajnikant G. Patel. | Shri Munjal M. Patel is Son of Shri Mahendra G. Patel. |
| Directorship held in other Public Companies                                   | None   | None   | Karnavati Distributors Limited                         |
| Chairmanship / Membership of Committee in other Companies, if any             | None   | None   | None   |
| No. of Shares held in the Company as on March 31, 2017                        | 5,29,801   | 1,11,000   | 5,90,500   |

| <b>Name of Directors</b>  | <b>Shri Mahendra G. Patel</b>  | <b>Shri Rajnikant G. Patel</b>   | <b>Shri Hashmukh I. Patel</b> |
|---|--|--|-------------------------------|
| DIN   | 00104706   | 00104786   | 00104834                      |
| Date of Birth   | 26/01/1954   | 05/02/1956   | 08/12/1958                    |
| Date of Appointment on the Board  | 20/01/1995   | 01/10/2008   | 20/01/1995                    |
| Qualifications  | B.A. LL.B  | B. Pharm   | B.Sc                          |
| Total Remuneration last drawn   | ₹ 13.58 Lac p.a.   | ₹ 13.58 Lac p.a.   | ₹ 13.58 Lac p.a.              |
| Nature of expertise in specific functional areas                              | Corporate Planning, Leagal & Financial Matters   | Manufacturing, Product Development & Research activities   | Marketing & Sales             |
| Relationship with other Directors, Manager and other Key Managerial Personnel | Shri Mahendra G. Patel is father of Shri Munjal M. Patel and brother of Shri Arvind G. Patel & Shri Rajnikant G. Patel | Shri Rajnikant G. Patel is father of Shri Aashish R. Patel and brother of Shri Mahendra G. Patel & Shri Rajnikant G. Patel | None                          |
| Directorship held in other Public Companies                                   | None   | None   | None                          |
| Chairmanship / Membership of Committee in other Companies, if any             | None   | None   | None                          |
| No. of Shares held in the Company as on March 31, 2017                        | 2,76,500   | 3,05,400   | 3,73,600                      |

**LINCOLN****DIRECTORS' REPORT**

To,  
The Members,

Your Directors are pleased to present the 23<sup>rd</sup> Annual Report, on the business and operations of **LINCOLN PHARMACEUTICALS LIMITED** (hereafter referred to as 'The Company') together with Audited Financial Statements for the Financial Year ended on March 31, 2017.

**FINANCIAL HIGHLIGHTS:**

The Financial performance of your Company for the year ended on March 31, 2017 is summarized below:

(₹ in Lakhs)

| PARTICULARS  | MARCH 31, 2017  | MARCH 31, 2016  |
|--|-----------------|-----------------|
| Profit Before Depreciation and Taxation  | 3,809.01        | 3,327.16        |
| Less: Depreciation & Amortisation  | 387.33          | 321.44          |
| Less: Provision For Taxation – Current/F.B.T   | 718.55          | 631.22          |
| Less: Deferred Tax   | 174.77          | 199.88          |
| Profit after Taxation  | 2,528.36        | 2,174.62        |
| Add: Balance brought forward   | 7,050.18        | 5,121.88        |
| <b>Profit available for appropriation</b>  | <b>9,578.54</b> | <b>7,296.50</b> |
| <b>APPROPRIATION</b>   |                 |                 |
| 1. Proposed Dividend   | -               | 163.11          |
| 2. Dividend Tax  | -               | 33.21           |
| 3. General Reserve   | 50.00           | 50.00           |
| 4. Reduction in Carrying Value of Fixed Assets as per Schedule II of Companies Act 2013. | 0.00            | 0.00            |
| <b>Net Balance carried to Balance Sheet</b>  | <b>9,528.54</b> | <b>7,050.18</b> |

**STATE OF COMPANY'S AFFAIRS/OPERATIONS:**

During the year under review, the Company has performed well. The Company has also launched few new products in the market and the response for it is noteworthy. The turnover of the Company during the year under review was ₹ 30,593.49 Lakhs as against ₹ 31,710.19 Lakhs in the previous year. The profit after tax has increased to ₹ 2,528.36 Lakhs as against profit after tax of ₹ 2,174.62 Lakhs in previous year representing growth rate of 16.27% during the Financial Year 2016-17. The Company is expecting more from the new products launched by it in the coming years. Detailed operational working of your Company is provided in the Management Discussion and Analysis Report forming part of annual report.

**TRANSFER TO RESERVES:**

The Company has transferred a sum of ₹ 50.00 Lakhs to the general reserve out of the amount available for appropriation for the current year (Previous Year transferred a sum of ₹ 50.00 Lakhs).

**DIVIDEND:**

Your Directors have recommended a dividend of ₹ 1.20 (@ 12%) per equity share (Previous Year Re. 1.00/- @10%) for the year ended on March 31, 2017. This is subject to approval of the Members at the forthcoming Annual General Meeting. During the year the un-claimed dividend pertaining to Financial Year 2008-09 were transferred to Investor Education and Protection Fund.

**DIRECTORS:****1. Director liable to retire by rotation:**

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Rules framed there under, Shri Aashish R. Patel [DIN: 01309017], Whole Time Director and Shri Arvind G. Patel [DIN: 00104885], Director retires by rotation at this Annual General Meeting and they being eligible offers themselves for re-appointment. The Board recommends their re-appointment.

**2. Re-appointment and Revision in Remuneration:**

Shri Mahendra G. Patel [DIN: 00104706] and Shri Rajnikant G. Patel [DIN: 00104786] were re-appointed as Managing Directors of the Company and Shri Hashmukh I. Patel [DIN: 00104834] as Whole Time Director of the Company for the period of three years w.e.f. October 1, 2016, subject to the approval of members at the ensuing Annual General Meeting.

The remuneration of Shri Munjal M. Patel [DIN: 02319308] and Shri Aashish R. Patel [DIN: 01309017] are also revised w.e.f. April 1, 2017, considering their increased responsibility, scope of work and work performance.

The resolutions proposing the re-appointments and revision in remuneration of the above stated Directors are set out in the notice. Your Directors recommend passing of the proposed resolutions.

### **3. Independent Directors:**

The Independent Directors of the Company have given the declaration to the Company that they meet the criteria of independence as provided in of Section 149 (6) of the Companies Act, 2013 and the Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **4. Board Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and Rules framed thereunder read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 formal annual evaluation is to be made by the Board of its own performance and that of its Committees and Individual Directors. The Board after taking into consideration the criteria of evaluation laid down by the Nomination and Remuneration Committee in its policy such as Board Composition, level of involvement, performance of duties, attendance etc. evaluated its own performance, the performance of its committees and Independent Directors (excluding the Director being evaluated).

The performance evaluation of the Chairman and Non-Independent Directors was also carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process and performance of the Board as a whole.

### **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:**

Pursuant to the requirements of Section 134 and 178 of the Companies Act, 2013, the policy on appointment of Board Members and policy on remuneration of the Directors, Key Managerial Personnels and Senior Management is forming a part of Corporate Governance Report annexed to this report.

### **DIRECTORS' RESPONSIBILITY STATEMENT:**

In accordance with Section 134 (5) of the Companies Act, 2013 and based on the representations received from the management, the directors hereby confirm to the best of their knowledge that:

- i. In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. They have 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 of the Company for that period.
- iii. They have 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. They have prepared the annual financial statements ongoing concern basis.
- v. Proper internal financial controls are in place in the Company and that such internal financial controls are adequate and are operating effectively and
- vi. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **NUMBER OF MEETINGS OF THE BOARD:**

The Board of Directors, during the year met 7 times on (1) April 28, 2016 (2) May 30, 2017 (3) August 11, 2016 (4) September 30, 2016 (5) October 27, 2016 (6) November 10, 2016 and (7) February 9, 2017 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

The details of the attendance of the Directors at the Board Meeting and members at the Committee Meetings are mentioned in the Corporate Governance Report which is forming part of the Directors' Report.

### **DELISTING OF EQUITY SHARES:**

During the year under review the Company got its Equity Shares Voluntarily Delisted from Ahmedabad Stock Exchange Limited under the provisions of SEBI (Delisting of Equity Shares) Regulations, 2009 for which the intimation letter / Approval letter No. ASEL / 2016-17/1 (11) from Ahmedabad Stock Exchange Limited dated November 24, 2016 has been received by the Company.

**INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY:**

The Board of Directors of the Company are responsible for ensuring that Internal Financial Controls have been laid down in the Company and such controls are adequate and operating effectively.

The Company has adopted internal control system considering the nature of its business and the size and complexity of operations. The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its 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 disclosures etc. Systems and procedures are periodically reviewed to keep pace with the growing size and complexity of your company's operations.

The internal auditor assesses opportunities for improvement of business processes, systems and controls, to provide recommendations, which can add value to the organization.

**MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY:**

No material changes or commitments, affecting the financial position of the Company have occurred between the end of the Financial Year of the company, to which the Financial Statements relate, i.e. March 31, 2017 and the date of the Board's Report.

During the year under review the Company has converted its 36,89,000 Warrants into equal number of Equity Shares on account of exercise of option of conversion by the Warrants holders. Upon conversion the Company has allotted 36,89,900 Equity Shares of face value of ₹ 10/- each at a price of ₹ 82/- per Share (including premium of ₹ 72/- per Share).

**DEPOSITS:**

The Company has not accepted deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules 2014.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The particulars of loan given, investment made and guarantee and security provided by the Company (if any), during the Financial Year under review and governed by the provisions of Section 186 of the Companies Act, 2013 have been furnished in the Notes to the Financial Statements. The details of the Loans given during the year under review falling under Section 186 of the Companies Act, 2013 is given in "Annexure-F", which forms part of this report.

**SUBSIDIARY COMPANIES:**

M/s. Zullinc Healthcare LLP (WOS) of the Company is mainly engaged in the business "Trading of Pharmaceuticals Products" and M/s. Lincoln Parenteral Limited Subsidiary Company is mainly engaged in the business of "Manufacturing and Trading of Pharmaceuticals Products". There are no associate companies within the meaning of Section 2 (6) of the Companies Act, 2013 ("Act"). Further there has been no material change in the nature of business of the subsidiaries.

In accordance with Section 129(3) of the Companies Act, 2013, consolidated financial statements of the Company and both its subsidiaries, forms part of the Annual Report. Further, a statement containing the salient features of the financial statement of our subsidiaries in the prescribed format AOC-1 is appended as "Annexure-A" to the Board's report. The statement also provides the details of performance, financial positions of each of the subsidiaries.

**INSURANCE:**

The Company has adequately insured all its property including Plant and Machinery, Buildings, Stock etc., to mitigate risks arising from third party or customer claims, property/casualty, etc.

**LISTING:**

The Equity Shares of the Company are listed on NSE Limited with symbol "LINCOLN" and on BSE Limited with Script code 531633. The Company confirms that the annual listing fees of both the stock exchanges for the Financial Year 2017-18 have been paid.

**RISK MANAGEMENT POLICY:**

The Board of Directors of the Company has formulated a risk management policy and has a well-defined framework which monitors the risk mitigation plan for the Company. It identifies key risk areas, periodically reviews the risk management plan and ensures its effectiveness. The audit committee is also looking after the area of financial risks and controls.

At present, in the opinion of the Board there is no identification of Risk element that may threaten the existence of the Company.

**RELATED PARTY TRANSACTIONS:**

During the year under review, all the transactions entered into by the Company with the related parties as defined under Section 2 (76) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were on arm's length basis and in ordinary course of Business.

As there were no materially significant related party transactions entered into by the Company with the Related Parties which may have potential conflict with the interest of the Company at large, reporting in Form-AOC-II is not applicable to the Company.

The Policy on dealing with related party transaction is available on the website of the Company i.e. [www.lincolnpharma.com](http://www.lincolnpharma.com)

**CORPORATE SOCIAL RESPONSIBILITY:**

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with provisions of Section 135 of the Companies Act, 2013 and Rules framed there under. The role of the Committee is to formulate the CSR Policy, indicate activities to be undertaken by the Company towards CSR and formulate a transparent monitoring mechanism to ensure implementation of projects and activities undertaken by the Company towards CSR.

The report on Corporate Social Responsibility Activities along with the annexure as per the Rule (8) of The Companies (Corporate Social Responsibility policies) Rules 2014 is annexed to this Report as "**Annexure-B**".

**HUMAN RESOURCES:**

Many initiatives have been taken to support business through organizational efficiency, process change support and various employee orientation programmes which has helped the Organization to achieve higher productivity levels. A significant effort has also been undertaken to develop leadership as well as technical/ functional capabilities in order to meet future talent requirement.

**VIGIL MECHANISM:**

Pursuant to provisions of Section 177 (9) of the Companies Act, 2013 read with Rule 7 of The Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a Vigil Mechanism/ Whistle Blower Policy for Directors, Employees or business associates for reporting the unethical behavior, malpractices, wrongful conduct, frauds, violations of the Company's code etc. to the Chairman of the Audit Committee. The Policy also provides for adequate safeguard against victimization of the Directors' /Employees who avail the said mechanism. The said Policy is available on the Website of the Company, [www.lincolnpharma.com](http://www.lincolnpharma.com).

**DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules there under (Prevention of Sexual Harassment Act). There were no complaints received from employees or third party during the year under review.

**PARTICULARS OF EMPLOYEES:**

Details pertaining to remuneration and other details as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as "**Annexure-G**" to this report.

The Statement containing the particulars of employees as required under section 197 of the companies act, 2013, read with rules 5 of companies (appointment and remuneration of managerial personnel) Rules, 2014, will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the report & Accounts are being sent to the members and others entitled there to excluding the information of employee's particulars which is available for inspection by members at Registered Office of the Company during business hours on working days of the company upto ensuring AGM. If any members is interested in obtaining a copy then of such member may write to the Company Secretary in this regards.

**REPORTING OF FRAUDS:**

There have been no instances of fraud reported by the Statutory Auditors under Section 143 (12) of the Act and Rules framed there under, either to the Company or to the Central Government.

**AUDITORS:****1. COST AUDITOR:**

Pursuant to provisions of section 148 (3) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Company has re-appointed M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad, as cost auditor of the company for the Financial Year 2017-18.

A resolution for ratification of the remuneration payable to the Cost Auditor is included in the Notice of the Annual General Meeting for seeking approval of Members of the Company.

**2. STATUTORY AUDITORS:**

Pursuant to the provisions of section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and The Companies (Audit and Auditors) Rules, 2014, including any Statutory modification(s) or re-enactment(s) thereof for the time being in force, M/s.





J.T. Shah & Co. Chartered Accountants [FRN: 109616W] Ahmedabad are the existing Statutory Auditors of the Company who shall hold the office till the conclusion this Annual General Meeting and they being eligible offers themselves for re-appointment. The Statutory Auditors have also given their consent to act as Statutory Auditors of the Company if they are re-appointed and have also given the confirmation to the effect that their re-appointment if made will be within the limits prescribed under Section 139 of the Companies Act, 2013.

Accordingly a resolution seeking the approval of members for their appointment as Statutory Auditors of the Company for the period of 5 consecutive years from the conclusion of this Annual General Meeting till the conclusion of the 28<sup>th</sup> Annual General Meeting is proposed. The Board recommends passing of the proposed resolution.

There were no qualifications, reservations or adverse remarks in the Audit Report of M/s. J. T. Shah & Co. which required the comments of the management under Section 134 of the Companies Act, 2013.

### **3. SECRETARIAL AUDITOR:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Rahul Agarwal & Associates, Practicing Company Secretaries, to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as **"Annexure-C"**.

With regard to the qualifications in secretarial audit report (MR-3):- The Company is in process of appointing an independent director on the board & also is in process of appointing CFO in the Company.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The particulars as prescribed under Section 134(3) (m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, are set out in **"Annexure-D"**.

### **EXTRACT OF ANNUAL RETURN:**

Extracts of Annual Return in Form MGT-9 as required under Section 92 (3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, forms part of this Report as **"Annexure-E"**.

### **CORPORATE GOVERNANCE REPORT & MANAGEMENT DISCUSSION & ANALYSIS:**

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 report on Corporate Governance along with the Secretarial Auditors' Certificate on its Compliance and Management Discussion and Analysis Report forms part of this report.

### **AUDIT COMMITTEE:**

The Company has in place Audit Committee in terms of requirements of the Companies Act, 2013 and the rules framed there under. The details relating to the Audit Committee are given in the Corporate Governance Report which is forming part of this report.

### **SIGNIFICANT OR MATERIAL ORDER PASSED BY THE REGULATORS OR COURTS:**

As on the date of this report, there were no material significant orders passed by the regulators or courts or tribunals impacting the going concern of the Company.

### **ACKNOWLEDGEMENT:**

Your Directors places on record their sincere appreciation to the customers, members, bankers and all the other stakeholders for their continuous support and co-operation to the Company and also thanked the concerned Government Departments/Agencies for their co-operation to the Company.

**FOR AND ON BEHALF OF THE BOARD  
FOR LINCOLN PHARMACEUTICALS LIMITED**

Place : Ahmedabad  
Date : May 30, 2017

**M. G. Patel**  
(Managing Director)  
(DIN: 00104706)

**H. I. Patel**  
(Whole-time Director)  
(DIN: 00104834)

**FORM AOC – 1**

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

**Statement containing salient features of the Financial Statement of subsidiaries**
**PART "A": Subsidiaries**

(₹ In Lakhs)

| Name of the Subsidiaries  | Zullinc Healthcare LLP<br>(Wholly Owned Subsidiary) | Lincoln Parenteral Limited<br>(Subsidiary Company) |
|---|---|--|
| Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     | April 1, 2016<br>To<br>March 31, 2017               | April 1, 2016<br>To<br>March 31, 2017              |
| The date since when subsidiary was acquired.  | October 16, 2008                                    | December 06, 2011                                  |
| Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries | INR   | INR  |
| Share Capital / Partners Contribution   | 5.00  | 1000.00  |
| Reserves and Surplus  | 84.87   | 368.02   |
| Total Assets  | 1477.80   | 6473.84  |
| Total Liabilities   | 1387.93   | 5105.82  |
| Investments   | 0.15  | 0.22   |
| Turnover  | 3920.90   | 6377.22  |
| Profit Before Taxation  | 14.14   | 248.47   |
| Provision for Taxation  | 4.37  | 77.40  |
| Profit After Taxation   | 9.77  | 170.77   |
| Proposed Dividend   | NIL   | NIL  |
| % of shareholding   | 100%  | 98.58%   |

**Notes:**

- There is no subsidiary which is yet to commence operations.
- There is no subsidiary which has been liquidated or sold during the year.

The amounts given in the table above are from the annual accounts made for the respective Financial Year end for each of the company.

**Part "B": Associates and Joint Venture – Not Applicable**

As per our report of even date  
**For J.T. Shah & Co.**  
Chartered Accountants  
(Firm Regd. No. 109616W)

**(J.T.SHAH)**  
Parther  
(M.No.3983)  
Date : 30-05-2017  
Place : Ahmedabad

**Bhavik P. Parikh**  
(Company Secretary)

For and on behalf of the Board of Directors of  
**Lincoln Pharmaceuticals Limited**

**M.G. Patel** (Managing Director) (DIN : 00104706)

**R.G. Patel** (Jt. Managing Director) (DIN : 00104786)

**H.I. Patel** (Whole Time Director) (DIN : 00104834)

Date : 30-05-2017  
Place : Ahmedabad

**REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)**

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

The Company has its CSR Policy within broad scope laid down in Schedule VII to the Act, as projects/programs/activities, excluding activities in its normal course of business. The policy is duly approved by the Board of Directors.

**1. Details of the CSR policy are available on website of the company.**

<https://www.lincolnpharma.com/wp-content/uploads/2014/11/Corporate-Social-Responsibility-Policy.pdf>

**2. Composition of the CSR Committee:**

As on the date of this report, CSR Committee consists of 3 (three) Directors as its Members with one Independent Director in the Committee.

- a) Shri Mahendra G. Patel - Managing Director & Member
- b) Shri Rajnikant G. Patel - Jt. Managing Director & Member
- c) Shri Ishwarlal A. Patel - Independent Director & Member

**3. Average net profit of the Company for last three Financial Years:**

Average net profit: ₹ 2058.94 Lakhs

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):**

- a. Company was required to spend ₹ 41.18 Lakhs towards CSR.
- b. Company allocated budget for CSR Expenditure of ₹ 42.00 Lakhs

**5. Details of CSR spend during the Financial Year:**

- a. Total amount spent for the Financial Year : ₹ 42.00 Lakhs
- b. Amount unspent, if any : NIL

- c. Manner in which the amount spent during the Financial Year is detailed below:

(₹ In Lakhs)

| 1  | 2   | 3   | 4   | 5   | 6  | 7  | 8  |
|----|---|---|---|---|--|--|--|
| SN | CSR Project or activity identified  | Sector in which the project is covered                                    | Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs subheads: (1) Direct expenditure on projects or programs. (2) Overheads | Cumulative expenditure up to the reporting period. | Amount spent: Direct or through Implementing agency                        |
| 1. | Contribution towards Promoting Education  | Promoting Education   | District: Ahmedabad, State: Gujarat   | 3.00  | 3.00   | 3.00   | Shree Saraswati Kanya Kelavni Mandal & Shertha Kelavani Mandal             |
| 2. | Contribution towards conducting health awareness, providing free medicines, education in Rural Society, empowering Women, eradicating hunger and preventive healthcare and sanitation | Preventive Healthcare and sanitation Promoting Education Empowering Women | District: Ahmedabad, Kadi, State: Gujarat   | 32.49   | 32.49  | 35.49  | Through Company's Registered Trust - Tathastu Foundation                   |
| 3. | Contribution towards eradicating hunger and malnutrition among poor Children  | Eradicating hunger and malnutrition                                       | District: Ahmedabad, Kadi, State: Gujarat   | 6.51  | 6.51   | 42.00  | Through Registered Trust- Shardaben Gulabdas Patel Public Charitable Trust |

6. In case of company has failed to spend the two per cent of the average net profit of the last three Financial Years or any part hereof, the company shall provide the reasons for not spending the amount in its Board report.

Not applicable

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company:

We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and policy of the Company.

**A BRIEF OUTLINE OF THE COMPANY'S CSR POLICY**  
(Approved by the Board of Directors on November 14, 2014)

Lincoln Pharmaceuticals Limited, as a good corporate citizen, has adopted CSR as strategic tool for sustainable growth and has decided to contribute to the development of the communities as a whole. In doing so the Company aims at building a better, sustainable way of life for the weaker sections of society. The focus areas in which LPL plans to work includes Education, Health care and Environmental Sustainability. The objectives of the Company for the above activities are as follows:-

1. Education: Our endeavour is to spark the desire for learning and enlighten minds. We may undertake to fulfill this objective by way of providing quality education initiatives or by financial assistance to the poor and needy students, undertaking to impart vocational training, adult education programs, girl education, other related infrastructure etc.
2. Health care: Our goal is to render quality health care facilities which we may provide by way of undertaking preventive healthcare programs by way of including but not limited to setting various camps and related infrastructure services, providing of sanitation and making available safe drinking water, etc.
3. Environmental Sustainability: We aim at providing livelihood in an environmentally sustainable manner. For addressing this objective we may undertake afforestation, planting of trees, maintain public garden, playground cleanliness and such other like programs, activities towards maintaining ecological balance, quality of soil, air and water, conservation of natural resources, etc.

**FOR AND ON BEHALF OF THE BOARD**  
**FOR LINCOLN PHARMACEUTICALS LIMITED**

Place : Ahmedabad  
Date : May 30, 2017

**M. G. Patel**  
(Managing Director & Member of CSR Committee)  
(DIN: 00104706)

**H. I. Patel**  
(Whole-Time Director)  
(DIN: 00104834)

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017**

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

To,  
The Members,  
**LINCOLN PHARMACEUTICALS LIMITED**  
"LINCOLN HOUSE", Behind Satyam Complex,  
Science City Road, Sola, Ahmedabad-380 060.  
Gujarat, INDIA

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **LINCOLN PHARMACEUTICALS LIMITED** (hereinafter referred to as "the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our 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, we hereby report that in our opinion, the company has, during the audit period covering the Financial Year ended on March 31, 2017, 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:

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

- 1) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) 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;
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India 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, 2009;
  - d) The Securities and Exchange Board of India (Share Based Employees Benefits), Regulations, 2014;  
Not applicable as the Company has not issued any options/ shares under the said Regulations during the year under review.
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;  
Not applicable as the Company has not issued any Debt Securities during the year under review.
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and  
During the year under report the Company has delisted its shares from Ahmedabad Stock Exchange and duly complied the provision and rules & regulation mentioned under above regulations.
  - h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;  
Not applicable as the Company has not bought back any of its securities during the year under review.
- 6) The following specifically other applicable laws to the Company:
  - a) Pharmacy Act, 1948;
  - b) Drugs and Cosmetics Act, 1940;
  - c) Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954;
  - d) Drugs Price Control Order, 2013;

- e) Food Safety and Standards Act, 2006;
- f) Factories Act, 1948;
- g) Poisons Act, 1919;
- h) Trade Marks Act, 1999 & Copy Right Act, 1957;
- i) Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc;
- j) Acts as prescribed under shop and Establishment Act of various local authorities.

In respect of other laws specifically applicable to the Company, we have relied on representation made/ information/ records produced by the Company during course of our audit and the reporting is limited to that extent.

We have also examined compliance with the applicable clauses/ regulations of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreement entered into by the Company with Bombay Stock Limited and National Stock Exchange of India limited read with the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.
- iii. The Listing Agreement entered into by the company with the Ahmedabad Stock Exchange till November, 2016, thereafter Company delisted its shares from Ahmedabad Stock Exchange under SEBI (Delisting of Equity Shares) Regulations, 2009.

During the Audit period under review and as per the explanation and clarification given to us and presentation made by the Management, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, ***save and except appointment of Chief Financial Officer under provision of Section 203 of the Companies Act, 2013.***

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors and ***in case of Independent Directors, number of Independent Directors appointed on the Board of Directors of the Company is falling short by requirement of appointing one Independent Director, as required under provision of section of Section 149(4) of the Companies Act, 2013 and Regulation 17(1) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.*** The changes in the composition of Board of Directors that took place during the year under review were carried out in compliance of the provisions of 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.

Decisions at the meetings of Board of Directors / Committees of the Company were carried through on the basis of majority. There were no dissenting views by any member of Board / Committee in the meetings held during the year under review.

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

**We further report that** during the audit period under review:

- i. *The Company has Issued and Allotted 36,89,200 Equity Shares (Pursuant to conversion of warrants), at an aggregate price of Rs. 82/- per equity share of the face value of Rs. 10/- each, which includes premium of Rs. 72/- per equity share.*

**We further report that** there were no other instances of:

- a) Public/Right Issue of Shares/ Debentures/Sweat Equity, etc.
- b) Redemption / Buy-back of securities
- c) Merger / Amalgamation / Reconstruction, etc.
- d) Foreign Technical Collaborations

FOR RAHUL AGARWAL & ASSOCIATES  
COMPANY SECRETARIES

RAHUL AGARWAL  
PROPRIETOR  
ACS: 35598  
COP: 13202

Place : Ahmedabad  
Date : May 30, 2017

Note: This report is to be read with our letter of even date which is annexed as "ANNEXURE A" and forms an integral part of this report.





To,  
The Members,  
**LINCOLN PHARMACEUTICALS LIMITED**  
"LINCOLN HOUSE", Behind Satyam Complex,  
Science City Road, Sola, Ahmedabad-380 060.

Our report of even date is to be read along with this letter:

1. Maintenance of Secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain responsible assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we follow provide a responsible basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor the efficacy or effectiveness with which the management has conducted the affairs of the company.

**FOR RAHUL AGARWAL & ASSOCIATES**  
**COMPANY SECRETARIES**

**RAHUL AGARWAL**  
**PROPRIETOR**  
**ACS: 35598**  
**COP: 13202**

**Place : Ahmedabad**  
**Date : May 30, 2017**

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

[Section 134(3) (m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

**A. TECHNOLOGY ABSORPTION:**

| <b>(A) Conservation of energy-</b> |  |  |
|------------------------------------|--|--|
| (i)                                | the steps taken or impact on conservation of energy;   | The Company has taken measures and applied strict control system to monitor day to day power consumption, to endeavor to ensure the optimal use of energy with minimum extent possible wastage as far as possible. The day to day consumption is monitored and various ways and means are adopted to reduce the power consumption in an effort to save energy. |
| (ii)                               | the steps taken by the company for utilizing alternate sources of energy;  | The Company endeavours in using the alternative source of energy so as to save the natural source of energy to an extent as much as possible. As an alternative source of energy the Company has initiated installation of Wind turbines and shall use it as alternate renewable source of energy in near future.  |
| (iii)                              | the capital investment on energy conservation equipments   | The Company continuously endeavors to discover usages on new technologies and tools to save the energy and reduce consumption.   |
| <b>(B) Technology absorption-</b>  |  |  |
| (i)                                | the efforts made towards technology absorption;  | Company has always been making best effort towards technology absorption, adaptation and innovation to improve the quality.  |
| (ii)                               | the benefits derived like product improvement, cost reduction, product development or import substitution                | It improves the quality of company's products being manufactured and reduces the cost of production.   |
| (iii)                              | in case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year:- | N.A  |
|                                    | (a) the details of technology imported;  | N.A  |
|                                    | (b) the year of import   | N.A  |
|                                    | (c) whether the technology been fully absorbed   | N.A  |
|                                    | (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;                          | N.A  |

**iv. The Expenditure incurred on Research and Development:** (₹ In Lakhs)

| SN | Particulars   | Current Year | Previous Year |
|----|---|--------------|---------------|
| 1. | Capital Expenditure                                     | 262.73       | 150.30        |
| 2. | Revenue Expenditure                                     | 622.46       | 644.85        |
| 3. | Total   | 885.19       | 795.14        |
| 4. | Total R&D expenditure as a percentage of total turnover | 2.87%        | 2.52%         |

**B. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows:

(₹ In Lakhs)

| SN | Particulars               | Current Year | Previous Year |
|----|---------------------------|--------------|---------------|
| 1. | Foreign Exchange Earned   | 11,198.60    | 11,255.42     |
| 2. | Outgo of Foreign Exchange | 207.24       | 184.65        |

**FOR AND ON BEHALF OF THE BOARD  
FOR LINCOLN PHARMACEUTICALS LIMITED**

**M. G. Patel**  
(Managing Director)  
(DIN: 00104706)

**H. I. Patel**  
(Whole-Time Director)  
(DIN: 00104834)

Place : Ahmedabad  
Date : May 30, 2017

**FORM NO. MGT - 9**  
**EXTRACT OF ANNUAL RETURN**  
**AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017**  
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1)  
of the Companies (Management and Administration) Rules, 2014]

**1. REGISTRATION AND OTHER DETAILS**

|  |  |
|--|--|
| CIN  | L24230GJ1995PLC024288  |
| Registration Date:   | January 20, 1995   |
| Name of the Company:   | Lincoln Pharmaceuticals Limited  |
| Category/Sub-category of the Company:  | <ul style="list-style-type: none"> <li>Public Company</li> <li>Company Limited By Share</li> <li>Indian Non-government Company</li> </ul>  |
| Address of the Registered Office and Contact Details:                                  | "LINCOLN HOUSE", Behind Satyam Complex,<br>Science City Road, Sola, Ahmedabad-380060.<br>Ph. No.: +91-79-67778000, Fax No.: +91-79-67778062.<br>Email ID: info@lincolnpharma.com<br>Website: www.lincolnpharma.com   |
| Whether Listed Company:  | Yes  |
| Name, Address and contact details of Registrar and Share Transfer Agent (RTA), if any: | <b>LINK INTIME INDIA PRIVATE LIMITED</b><br>5 <sup>th</sup> Floor, 506 to 508, Amarnath Business Centre-1 (ABC-1),<br>Beside Gala Business Centre, Near St. Xavier's collage corner,<br>Off C. G. Road, Navrangpura, Ahmedabad - 380009.<br>Ph. No.: +91-79-2646 5179, +91-79-3000 2684,<br>Email ID: ahmedabad@linkintime.co.in |

**2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

| SN | Name and Description of main products | NIC Code of the Product | % to total turnover of the company |
|----|---------------------------------------|-------------------------|------------------------------------|
| 1. | Pharmaceutical products               | 2423                    | 100%                               |

**3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

| SN | Name and address of the Company   | CIN / LLPIN           | Holding/<br>Subsidiary/ Associate | % of shares held | Applicable Section |
|----|---|-----------------------|-----------------------------------|------------------|--------------------|
| 1. | <b>Zullinc Healthcare LLP</b><br>"LINCOLN HOUSE", Behind Satyam Complex, Science City Road, Sola, Ahmedabad-380060.     | AAF-5934              | Subsidiary                        | 100%             | 2(87)              |
| 2. | <b>Lincoln Parenteral Limited</b><br>"LINCOLN HOUSE", Behind Satyam Complex, Science City Road, Sola, Ahmedabad-380060. | U24231GJ1991PLC015674 | Subsidiary                        | 98.58%           | 2(87)              |

**4. SHARE HOLDING PATTERN**

(Equity Share Capital Breakup as percentage of Total Equity)

**i. Category-wise Share Holding**

| Category of Shareholders   | No. of Shares held at the beginning of the year |                 |                    |                   | *No. of Shares held at the end of the year |                 |                    |                   | % Change during the year |
|--|---|-----------------|--------------------|-------------------|--|-----------------|--------------------|-------------------|--------------------------|
|  | Demat   | Physical        | Total              | % of Total Shares | Demat                                      | Physical        | Total              | % of Total Shares |                          |
| <b>A. Promoters</b>  |   |                 |                    |                   |  |                 |                    |                   |                          |
| <b>1) Indian</b>   |   |                 |                    |                   |  |                 |                    |                   |                          |
| a) Individual / HUF  | 47,49,641                                       | –               | 47,49,641          | 29.12             | 55,44,815                                  | –               | 55,44,815          | 27.72             | (1.40)                   |
| b) Central Govt.   | –   | –               | –                  | –                 | –  | –               | –                  | –                 | –                        |
| c) State Govt.(s)  | –   | –               | –                  | –                 | –  | –               | –                  | –                 | –                        |
| d) Bodies Corp.  | 10,91,100                                       | –               | 10,91,100          | 6.69              | 10,91,100                                  | –               | 10,91,100          | 5.46              | (1.23)                   |
| e) Banks / FI  | –   | –               | –                  | –                 | –  | –               | –                  | –                 | –                        |
| f) Any Other   | –   | –               | –                  | –                 | –  | –               | –                  | –                 | –                        |
| <b>Sub-total(A) (1):-</b>  | <b>58,40,741</b>                                | <b>–</b>        | <b>58,40,741</b>   | <b>35.81</b>      | <b>66,35,915</b>                           | <b>–</b>        | <b>66,35,915</b>   | <b>33.18</b>      | <b>(2.63)</b>            |
| <b>2) Foreign</b>  |   |                 |                    |                   |  |                 |                    |                   |                          |
| a) NRIs – Individuals  | –   | –               | –                  | –                 | –  | –               | –                  | –                 | –                        |
| b) Other –Individuals  | –   | –               | –                  | –                 | –  | –               | –                  | –                 | –                        |
| c) Bodies Corp.  | –   | –               | –                  | –                 | –  | –               | –                  | –                 | –                        |
| d) Banks / FI  | –   | –               | –                  | –                 | –  | –               | –                  | –                 | –                        |
| e) Any Other....   | –   | –               | –                  | –                 | –  | –               | –                  | –                 | –                        |
| <b>Sub-total (A) (2):-</b>   | <b>–</b>  | <b>–</b>        | <b>–</b>           | <b>–</b>          | <b>–</b>                                   | <b>–</b>        | <b>–</b>           | <b>–</b>          | <b>–</b>                 |
| <b>Total shareholding of Promoter (A) =(A)(1)+(A)(2)</b>                       | <b>58,40,741</b>                                | <b>–</b>        | <b>58,40,741</b>   | <b>35.81</b>      | <b>66,35,915</b>                           | <b>–</b>        | <b>66,35,915</b>   | <b>33.18</b>      | <b>(2.63)</b>            |
| <b>B. Public Shareholding</b>  |   |                 |                    |                   |  |                 |                    |                   |                          |
| <b>1. Institutions</b>   |   |                 |                    |                   |  |                 |                    |                   |                          |
| a) Mutual Funds  | –   | –               | –                  | –                 | –  | –               | –                  | –                 | –                        |
| b) Banks / FI  | 17,230  | –               | 17,230             | 0.11              | 38,384                                     | –               | 38,384             | 0.19              | 0.09                     |
| c) Central Govt.   | –   | –               | –                  | –                 | –  | –               | –                  | –                 | –                        |
| d) State Govt.(s)  | –   | –               | –                  | –                 | –  | –               | –                  | –                 | –                        |
| e) Venture Capital Funds   | –   | –               | –                  | –                 | –  | –               | –                  | –                 | –                        |
| f) Insurance Companies   | –   | –               | –                  | –                 | –  | –               | –                  | –                 | –                        |
| g) FIIs/FPI  | 2,19,499  | –               | 2,19,499           | 1.35              | 1,48,794                                   | –               | 1,48,794           | 0.74              | (0.60)                   |
| h) Foreign Venture Capital funds   | –   | –               | –                  | –                 | –  | –               | –                  | –                 | –                        |
| i) Others (specify)  | –   | –               | –                  | –                 | –  | –               | –                  | –                 | –                        |
| <b>Sub-total(B)(1):-</b>   | <b>2,36,729</b>                                 | <b>0</b>        | <b>2,36,729</b>    | <b>1.45</b>       | <b>1,87,178</b>                            | <b>–</b>        | <b>1,87,178</b>    | <b>0.94</b>       | <b>(0.52)</b>            |
| <b>2. Non- Institutions</b>  |   |                 |                    |                   |  |                 |                    |                   |                          |
| a) Bodies Corp.  | 28,16,997                                       | 3,000           | 28,19,997          | 17.29             | 22,60,778                                  | –               | 22,60,778          | 11.30             | (5.99)                   |
| b) Individuals   |   |                 |                    |                   |  |                 |                    |                   |                          |
| I. Individual shareholders holding nominal share capital upto ₹ 1 lakh         | 40,57,861                                       | 1,88,110        | 42,45,971          | 26.03             | 43,57,331                                  | 1,83,910        | 45,41,241          | 22.71             | (3.33)                   |
| II. Individual shareholders holding nominal share capital in excess of ₹1 lakh | 19,77,063                                       | –               | 19,77,063          | 12.12             | 44,56,133                                  | 4,12,700        | 48,68,833          | 24.34             | 12.22                    |
| c) Others  |   |                 |                    |                   |  |                 |                    |                   |                          |
| a) NRI   | 9,19,852  | –               | 9,19,852           | 5.64              | 10,30,788                                  | –               | 10,30,788          | 5.15              | (0.49)                   |
| b) Clearing Member   | 82,216  | –               | 82,216             | 0.50              | 1,79,631                                   | –               | 1,79,631           | 0.90              | 0.40                     |
| c) HUF   | 1,88,231  | –               | 1,88,231           | 1.15              | 2,95,636                                   | –               | 2,95,636           | 1.48              | 0.33                     |
| <b>Sub-total(B)(2):-</b>   | <b>1,00,42,220</b>                              | <b>1,91,110</b> | <b>1,02,33,330</b> | <b>62.74</b>      | <b>1,25,80,297</b>                         | <b>5,96,610</b> | <b>1,31,76,907</b> | <b>65.88</b>      | <b>3.14</b>              |
| <b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>                            | <b>1,02,78,949</b>                              | <b>1,91,110</b> | <b>1,04,70,059</b> | <b>64.19</b>      | <b>1,27,67,475</b>                         | <b>5,96,610</b> | <b>1,33,64,085</b> | <b>66.82</b>      | <b>2.63</b>              |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                         | <b>–</b>  | <b>–</b>        | <b>–</b>           | <b>–</b>          | <b>–</b>                                   | <b>–</b>        | <b>–</b>           | <b>–</b>          | <b>–</b>                 |
| <b>Grand Total (A+B+C)</b>   | <b>1,61,19,690</b>                              | <b>1,91,110</b> | <b>1,63,10,800</b> | <b>100.00</b>     | <b>1,94,03,390</b>                         | <b>5,96,610</b> | <b>2,00,00,000</b> | <b>100.00</b>     | <b>18.45</b>             |

\* During the year under review the Company has allotted 36,89,200 Equity Shares on account of Conversion of Warrants.

## ii. Shareholding of Promoters

| SN | Shareholder's Name           | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in shareholding during the year |
|----|------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
|    |                              | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |  |
| 1  | Mahendra G. Patel            | 1,14,000                                  | 0.70                             | –  | 2,76,500                            | 1.38                             | –  | 0.68                                     |
| 2  | Kailashben M. Patel          | 80,000                                    | 0.49                             | –  | 80,000                              | 0.40                             | –  | (0.09)                                   |
| 3  | Munjal M. Patel              | 4,28,000                                  | 2.62                             | –  | 5,90,500                            | 2.95                             | –  | 0.33                                     |
| 4  | Mansi Munjal Patel           | 8,00,000                                  | 4.90                             | –  | 8,00,000                            | 4.00                             | –  | (0.90)                                   |
| 5  | Nidhi M. Patel               | 54,000                                    | 0.33                             | –  | 54,000                              | 0.27                             | –  | (0.06)                                   |
| 6  | Rajniibhai G. Patel          | 3,05,400                                  | 1.87                             | –  | 3,05,400                            | 1.53                             | –  | (0.35)                                   |
| 7  | Kalpanaben R. Patel          | 2,93,100                                  | 1.80                             | –  | 2,93,100                            | 1.47                             | –  | (0.33)                                   |
| 8  | Aashish R. Patel             | 5,29,802                                  | 3.25                             | –  | 5,29,802                            | 2.65                             | –  | (0.60)                                   |
| 9  | Shivani B. Shah              | 2,02,000                                  | 1.24                             | –  | 2,02,000                            | 1.01                             | –  | (0.23)                                   |
| 10 | Siddharth R. Patel           | 95,001                                    | 0.58                             | –  | 4,20,001                            | 2.10                             | –  | 1.52                                     |
| 11 | Shardaben G. Patel           | 2,31,400                                  | 1.42                             | –  | 2,31,400                            | 1.16                             | –  | (0.26)                                   |
| 12 | Arvindbhai G. Patel          | 1,11,000                                  | 0.68                             | –  | 1,11,000                            | 0.56                             | –  | (0.13)                                   |
| 13 | Hansaben A. Patel            | 1,17,200                                  | 0.72                             | –  | 1,17,200                            | 0.59                             | –  | (0.13)                                   |
| 14 | Amar A. Patel                | 60,000                                    | 0.37                             | –  | 60,000                              | 0.30                             | –  | (0.07)                                   |
| 15 | Anand A. Patel               | 1,32,000                                  | 0.81                             | –  | 1,32,000                            | 0.66                             | –  | (0.15)                                   |
| 16 | Hashmukhbhai I. Patel        | 2,23,600                                  | 1.37                             | –  | 3,73,600                            | 1.87                             | –  | 0.50                                     |
| 17 | Dharmisthaben H. Patel       | 65,003                                    | 0.40                             | –  | 65,003                              | 0.33                             | –  | (0.07)                                   |
| 18 | Aniruddh Hashmukhbhai Patel  | 51,200                                    | 0.31                             | –  | 51,200                              | 0.26                             | –  | (0.06)                                   |
| 19 | Jigar H. Patel               | 51,200                                    | 0.31                             | –  | 51,200                              | 0.26                             | –  | (0.06)                                   |
| 20 | Yogeshkumar I. Patel         | 65,900                                    | 0.40                             | –  | 65,900                              | 0.33                             | –  | (0.07)                                   |
| 21 | Meenaben Y. Patel            | 129                                       | 0.00                             | –  | 129                                 | 0.00                             | –  | 0.00                                     |
| 22 | Bhagirath T. Patel           | 22,750                                    | 0.14                             | –  | 22,750                              | 0.11                             | –  | (0.03)                                   |
| 23 | Dharmistha B. Patel          | 1,28,700                                  | 0.79                             | –  | 1,25,100                            | 0.63                             | –  | (0.16)                                   |
| 24 | Patel Nishitkumar Maheshbhai | 1,81,900                                  | 1.12                             | –  | 1,81,900                            | 0.91                             | –  | (0.21)                                   |
| 25 | Renukaben M. Patel           | 1,73,400                                  | 1.06                             | –  | 1,73,400                            | 0.87                             | –  | (0.20)                                   |
| 26 | Ishwarlal A. Patel           | 50,600                                    | 0.31                             | –  | 50,400                              | 0.25                             | –  | (0.06)                                   |
| 27 | Mihirbhai V. Patel           | 89,130                                    | 0.55                             | –  | 88,730                              | 0.44                             | –  | (0.10)                                   |
| 28 | Manguben I. Patel            | 92,900                                    | 0.57                             | –  | 92,600                              | 0.46                             | –  | (0.11)                                   |
| 29 | Yoginiben M. Patel           | 326                                       | 0.00                             | –  | 0                                   | 0.00                             | –  | 0.00                                     |
| 30 | Downtown Finance Pvt. Ltd.   | 1,06,000                                  | 0.65                             | –  | 1,06,000                            | 0.53                             | –  | (0.12)                                   |
| 31 | Karnavati Distributors Ltd.  | 10,100                                    | 0.06                             | –  | 10,100                              | 0.05                             | –  | (0.01)                                   |
| 32 | Downtown Travels LLP         | 4,75,000                                  | 2.91                             | –  | 4,75,000                            | 2.38                             | –  | (0.54)                                   |
| 33 | Sunmed Corporation LLP       | 5,00,000                                  | 3.07                             | –  | 5,00,000                            | 2.50                             | –  | (0.57)                                   |

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

| SN        |   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|-----------|---|---|----------------------------------|---|----------------------------------|
|           |   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| <b>1.</b> | <b>Mahendra G. Patel</b>  |   |                                  |   |                                  |
|           | At the beginning of the year                                    | 1,14,000                                  | 0.70                             | 1,14,000                                | 0.70                             |
|           | Date wise changes during the year                               |   |                                  |   |                                  |
|           | October 27, 2016-Allotment on account of Conversion of Warrants | 1,62,500                                  | 0.81                             | 2,76,500                                | 1.38                             |
|           | At the End of the year  | 2,76,500                                  | 1.38                             | 2,76,500                                | 1.38                             |
| <b>2.</b> | <b>Munjal M. Patel</b>  |   |                                  |   |                                  |
|           | At the beginning of the year                                    | 4,28,000                                  | 2.62                             | 4,28,000                                | 2.62                             |
|           | Date wise changes during the year                               |   |                                  |   |                                  |
|           | October 27, 2016-Allotment on account of Conversion of Warrants | 1,62,500                                  | 0.81                             | 5,90,500                                | 2.95                             |
|           | At the End of the year  | 5,90,500                                  | 2.95                             | 5,90,500                                | 2.95                             |
| <b>3.</b> | <b>Siddharth R. Patel</b>                                       |   |                                  |   |                                  |
|           | At the beginning of the year                                    | 95,000                                    | 0.58                             | 95,000                                  | 1.42                             |
|           | Date wise changes during the year                               |   |                                  |   |                                  |
|           | October 27, 2016-Allotment on account of Conversion of Warrants | 3,25,000                                  | 1.63                             | 4,20,001                                | 2.10                             |
|           | At the End of the year  | 4,20,001                                  | 2.10                             | 4,20,001                                | 2.10                             |
| <b>4.</b> | <b>Hashmukhbhai I. Patel</b>                                    |   |                                  |   |                                  |
|           | At the beginning of the year                                    | 2,23,600                                  | 1.37                             | 2,23,600                                | 1.37                             |
|           | Date wise changes during the year                               |   |                                  |   |                                  |
|           | October 27, 2016-Allotment on account of Conversion of Warrants | 1,50,000                                  | 0.75                             | 3,73,600                                | 1.87                             |
|           | At the End of the year  | 3,73,600                                  | 1.87                             | 3,73,600                                | 1.87                             |
| <b>5.</b> | <b>Dharmistha B. Patel</b>                                      |   |                                  |   |                                  |
|           | At the beginning of the year                                    | 1,28,700                                  | 0.79                             | 1,28,700                                | 0.79                             |
|           | Date wise changes during the year                               |   |                                  |   |                                  |
|           | June 30, 2016-Sale  | (200)                                     | 0.00                             | 1,28,500                                | 0.79                             |
|           | July 15, 2016-Sale  | (500)                                     | 0.01                             | 1,28,000                                | 0.78                             |
|           | August 5, 2016-Sale   | (2,000)                                   | 0.01                             | 1,26,000                                | 0.77                             |
|           | September 9, 2016-Sale  | (300)                                     | 0.01                             | 1,25,700                                | 0.76                             |
|           | September 23, 2016-Sale   | (200)                                     | 0.00                             | 1,25,500                                | 0.76                             |
|           | October 28, 2016-Sale   | (500)                                     | 0.01                             | 1,25,000                                | 0.63                             |
|           | November 25, 2016-Purchase                                      | 100                                       | 0.00                             | 1,25,100                                | 0.63                             |
|           | At the End of the year  | 1,25,100                                  | 0.63                             | 1,25,100                                | 0.63                             |
| <b>6.</b> | <b>Ishwarlal A. Patel</b>                                       |   |                                  |   |                                  |
|           | At the beginning of the year                                    | 50,600                                    | 0.31                             | 50,600                                  | 0.31                             |
|           | Date wise changes during the year                               |   |                                  |   |                                  |
|           | June 30, 2016-Sale  | (200)                                     | 0.00                             | 50,400                                  | 0.31                             |
|           | At the End of the year  | 50,400                                    | 0.31                             | 50,400                                  | 0.31                             |
| <b>7.</b> | <b>Mihirbhai V. Patel</b>                                       |   |                                  |   |                                  |
|           | At the beginning of the year                                    | 89,130                                    | 0.55                             | 89,130                                  | 0.55                             |
|           | Date wise changes during the year                               |   |                                  |   |                                  |
|           | June 30, 2016-Sale  | (400)                                     | 0.00                             | 88,730                                  | 0.55                             |
|           | At the End of the year  | 88,730                                    | 0.55                             | 88,730                                  | 0.55                             |
| <b>8.</b> | <b>Manguben I. Patel</b>  |   |                                  |   |                                  |
|           | At the beginning of the year                                    | 92,900                                    | 0.57                             | 92,900                                  | 0.57                             |
|           | Date wise changes during the year                               |   |                                  |   |                                  |
|           | March 3, 2017-Sale  | (300)                                     | 0.00                             | 92,600                                  | 0.57                             |
|           | At the End of the year  | 92,600                                    | 0.57                             | 92,600                                  | 0.57                             |
| <b>9.</b> | <b>Yoginiben M. Patel</b>                                       |   |                                  |   |                                  |
|           | At the beginning of the year                                    | 326                                       | 0.00                             | 326                                     | 0.00                             |
|           | Date wise changes during the year                               |   |                                  |   |                                  |
|           | September 16, 2016-Sale   | (326)                                     | 0.00                             | 0                                       | 0.00                             |
|           | At the End of the year  | 0   | 0.00                             | 0                                       | 0.00                             |



iv. Shareholding Pattern of top ten Shareholders  
(Other than Directors, Promoters and Holders of GDRs and ADRs):

| SN | For Each of the Top 10 Shareholders                              | Shareholding at the beginning of the year |                                  | Shareholding at the end of the year |                                  |
|----|--|---|----------------------------------|-------------------------------------|----------------------------------|
|    |  | No. of shares                             | % of total shares of the company | No. of shares                       | % of total shares of the company |
| 1  | Digital Biotech Pvt. Ltd.  |   |                                  |                                     |                                  |
|    | At the beginning of the year                                     | 13,80,000                                 | 8.46                             | 13,80,000                           | 8.46                             |
|    | Date wise changes during the year                                |   |                                  |                                     |                                  |
|    | June 30, 2016-Purchase   | 20,000                                    | 0.10                             | 14,00,000                           | 7.00                             |
|    | At the End of the year   | 14,00,000                                 | 7.00                             | 14,00,000                           | 7.00                             |
| 2  | Kishor M. Shah   |   |                                  |                                     |                                  |
|    | At the beginning of the year                                     | 4,78,400                                  | 2.93                             | 4,78,400                            | 2.93                             |
|    | Date wise changes during the year                                | NIL                                       |                                  |                                     |                                  |
|    | At the End of the year   | 4,78,400                                  | 2.39                             | 4,78,400                            | 2.39                             |
| 3  | Piyush J. Patel  |   |                                  |                                     |                                  |
|    | At the beginning of the year                                     | 25,000                                    | 0.15                             | 25,000                              | 0.15                             |
|    | Date wise changes during the year                                |   |                                  |                                     |                                  |
|    | October 27, 2016 -Allotment on account of Conversion of Warrants | 4,12,700                                  | 2.06                             | 4,37,700                            | 2.19                             |
|    | At the End of the year   | 4,37,700                                  | 2.19                             | 4,37,700                            | 2.19                             |
| 4  | Haresh A. Patel  |   |                                  |                                     |                                  |
|    | At the beginning of the year                                     | -   | -                                | -                                   | -                                |
|    | Date wise changes during the year                                |   |                                  |                                     |                                  |
|    | October 27, 2016-Allotment on account of Conversion of Warrants  | 4,13,000                                  | 2.07                             | 4,13,000                            | 2.07                             |
|    | At the End of the year   | 4,13,000                                  | 2.07                             | 4,13,000                            | 2.07                             |
| 5  | Sanjay G. Amin   |   |                                  |                                     |                                  |
|    | At the beginning of the year                                     | -   | -                                | -                                   | -                                |
|    | Date wise changes during the year                                |   |                                  |                                     |                                  |
|    | October 27, 2016-Allotment on account of Conversion of Warrants  | 4,12,700                                  | 2.06                             | 4,12,700                            | 2.06                             |
|    | At the End of the year   | 4,12,700                                  | 2.06                             | 4,12,700                            | 2.06                             |
| 6  | Sonali S. Patel  |   |                                  |                                     |                                  |
|    | At the beginning of the year                                     | -   | -                                | -                                   | -                                |
|    | Date wise changes during the year                                |   |                                  |                                     |                                  |
|    | October 27, 2016-Allotment on account of Conversion of Warrants  | 4,12,700                                  | 2.06                             | 4,12,700                            | 2.06                             |
|    | At the End of the year   | 4,12,700                                  | 2.06                             | 4,12,700                            | 2.06                             |
| 7  | Kamlesh J. Patel   |   |                                  |                                     |                                  |
|    | At the beginning of the year                                     | -   | -                                | -                                   | -                                |
|    | Date wise changes during the year                                |   |                                  |                                     |                                  |
|    | October 27, 2016-Allotment on account of Conversion of Warrants  | 4,12,700                                  | 2.06                             | 4,12,700                            | 2.06                             |
|    | At the End of the year   | 4,12,700                                  | 2.06                             | 4,12,700                            | 2.06                             |

| SN | For Each of the Top 10 Shareholders                             | Shareholding at the beginning of the year |                                  | Shareholding at the end of the year |                                  |
|----|---|---|----------------------------------|-------------------------------------|----------------------------------|
|    |   | No. of shares                             | % of total shares of the company | No. of shares                       | % of total shares of the company |
| 8  | Kaushal N. Patel  |   |                                  |                                     |                                  |
|    | At the beginning of the year                                    | -   | -                                | -                                   | -                                |
|    | Date wise changes during the year                               |   |                                  |                                     |                                  |
|    | October 27, 2016-Allotment on account of Conversion of Warrants | 4,12,700                                  | 2.06                             | 4,12,700                            | 2.06                             |
|    | At the End of the year  | 4,12,700                                  | 2.06                             | 4,12,700                            | 2.06                             |
| 9  | Bharat B. Patel   |   |                                  |                                     |                                  |
|    | At the beginning of the year                                    | -   | -                                | -                                   | -                                |
|    | Date wise changes during the year                               |   |                                  |                                     |                                  |
|    | October 27, 2016-Allotment on account of Conversion of Warrants | 4,12,700                                  | 2.06                             | 4,12,700                            | 2.06                             |
|    | At the End of the year  | 4,12,700                                  | 2.06                             | 4,12,700                            | 2.06                             |
| 10 | Sharad K. Shah  |   |                                  |                                     |                                  |
|    | At the beginning of the year                                    | 4,00,000                                  | 2.45                             | 4,00,000                            | 2.45                             |
|    | Date wise changes during the year                               |   |                                  |                                     |                                  |
|    | August 12, 2016-Sale  | (50,000)                                  | 0.25                             | 3,50,000                            | 1.75                             |
|    | At the End of the year  | 3,50,000                                  | 1.75                             | 3,50,000                            | 1.75                             |

**v. Shareholding of Directors and Key Managerial Personnel:**

| SN        | For Each of the Directors and KMP                               | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|-----------|---|---|----------------------------------|---|----------------------------------|
|           |   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| <b>1.</b> | <b>Mahendra G. Patel</b>  |   |                                  |   |                                  |
|           | At the beginning of the year                                    | 1,14,000                                  | 0.70                             | 1,14,000                                | 0.70                             |
|           | Date wise changes during the year                               |   |                                  |   |                                  |
|           | October 27, 2016-Allotment on account of Conversion of Warrants | 1,62,500                                  | 0.81                             | 2,76,500                                | 1.38                             |
|           | At the End of the year  | 2,76,500                                  | 1.38                             | 2,76,500                                | 1.38                             |
| <b>2.</b> | <b>Rajnikant G. Patel</b>                                       |   |                                  |   |                                  |
|           | At the beginning of the year                                    | 3,05,400                                  | 1.87                             | 3,05,400                                | 1.87                             |
|           | Date wise changes during the year                               |   | NIL                              |   |                                  |
|           | At the End of the year  | 3,05,400                                  | 1.53                             | 3,05,400                                | 1.53                             |
| <b>3.</b> | <b>Hashmukh I. Patel</b>  |   |                                  |   |                                  |
|           | At the beginning of the year                                    | 2,23,600                                  | 1.37                             | 2,23,600                                | 1.37                             |
|           | Date wise changes during the year                               |   |                                  |   |                                  |
|           | October 27, 2016-Allotment on account of Conversion of Warrants | 1,50,000                                  | 0.75                             | 3,73,600                                | 1.87                             |
|           | At the End of the year  | 3,73,600                                  | 1.87                             | 3,73,600                                | 1.87                             |
| <b>4.</b> | <b>Munjal M. Patel</b>  |   |                                  |   |                                  |
|           | At the beginning of the year                                    | 4,28,000                                  | 2.62                             | 4,28,000                                | 2.62                             |
|           | Date wise changes during the year                               |   |                                  |   |                                  |
|           | October 27, 2016-Allotment on account of Conversion of Warrants | 1,62,500                                  | 0.81                             | 5,90,500                                | 2.95                             |
|           | At the End of the year  | 5,90,500                                  | 2.95                             | 5,90,500                                | 2.95                             |

| SN         | For Each of the Directors and KMP | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|------------|-----------------------------------|---|----------------------------------|---|----------------------------------|
|            |                                   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| <b>5.</b>  | <b>Aashish R. Patel</b>           |   |                                  |   |                                  |
|            | At the beginning of the year      | 5,29,802                                  | 3.25                             | 5,29,802                                | 3.25                             |
|            | Date wise changes during the year | NIL                                       |                                  |   |                                  |
|            | At the End of the year            | 5,29,802                                  | 2.65                             | 5,29,802                                | 2.65                             |
| <b>6.</b>  | <b>Arvind G. Patel</b>            |   |                                  |   |                                  |
|            | At the beginning of the year      | 1,11,000                                  | 0.68                             | 1,11,000                                | 0.68                             |
|            | Date wise changes during the year | NIL                                       |                                  |   |                                  |
|            | At the End of the year            | 1,11,000                                  | 0.56                             | 1,11,000                                | 0.56                             |
| <b>7.</b>  | <b>Ishwarlal A. Patel</b>         |   |                                  |   |                                  |
|            | At the beginning of the year      | 50,600                                    | 0.31                             | 50,600                                  | 0.31                             |
|            | Date wise changes during the year |   |                                  |   |                                  |
|            | June 30, 2016-Sale                | 200                                       | 0.00                             | 50,400                                  | 0.25                             |
|            | At the End of the year            | 50,400                                    | 0.25                             | 50,400                                  | 0.25                             |
| <b>8.</b>  | <b>Pirabhai R. Suthar</b>         |   |                                  |   |                                  |
|            | At the beginning of the year      | –   | –                                | –                                       | –                                |
|            | Date wise changes during the year | NIL                                       |                                  |   |                                  |
|            | At the End of the year            | –   | –                                | –                                       | –                                |
| <b>9.</b>  | <b>Meha M. Patel</b>              |   |                                  |   |                                  |
|            | At the beginning of the year      | –   | –                                | –                                       | –                                |
|            | Date wise changes during the year | NIL                                       |                                  |   |                                  |
|            | At the End of the year            | –   | –                                | –                                       | –                                |
| <b>10.</b> | <b>Kishor M. Shah</b>             |   |                                  |   |                                  |
|            | At the beginning of the year      | 4,78,400                                  | 2.93                             | 4,78,400                                | 2.93                             |
|            | Date wise changes during the year | NIL                                       |                                  |   |                                  |
|            | At the End of the year            | 4,78,400                                  | 2.39                             | 4,78,400                                | 2.39                             |
| <b>11.</b> | <b>Bhavik P. Parikh</b>           |   |                                  |   |                                  |
|            | At the beginning of the year      | –   | –                                | –                                       | –                                |
|            | Date wise changes during the year | NIL                                       |                                  |   |                                  |
|            | At the End of the year            | –   | –                                | –                                       | –                                |

**5) INDEBTEDNESS**

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

(₹ In Lakhs)

|  | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposits | Total<br>Indebtedness |
|--|-------------------------------------|--------------------|----------|-----------------------|
| <b>Indebtedness at the beginning of the Financial Year</b> |                                     |                    |          |                       |
| i. Principal Amount  | 4973.57                             | 897.39             | —        | <b>5870.96</b>        |
| ii. Interest due but not paid                              | —                                   | —                  | —        | —                     |
| iii. Interest accrued but not due                          | —                                   | —                  | —        | —                     |
| <b>Total (i+ii+iii)</b>                                    | <b>4973.57</b>                      | <b>897.39</b>      | —        | <b>5870.96</b>        |
| <b>Change in Indebtedness during the Financial Year</b>    |                                     |                    |          |                       |
| • Addition   | —                                   | —                  | —        | —                     |
| • Reduction  | (552.37)                            | (107.27)           | —        | <b>(659.64)</b>       |
| <b>Net Change- Addition/ (Reduction)</b>                   | <b>(552.37)</b>                     | <b>(107.27)</b>    | —        | <b>(659.64)</b>       |
| <b>Indebtedness at the end of the Financial Year</b>       |                                     |                    |          |                       |
| i. Principal Amount  | 4421.20                             | 790.12             | —        | <b>5211.32</b>        |
| ii. Interest due but not paid                              | —                                   | —                  | —        | —                     |
| iii. Interest accrued but not due                          | —                                   | —                  | —        | —                     |
| <b>Total (i+ii+iii)</b>                                    | <b>4421.20</b>                      | <b>790.12</b>      | —        | <b>5211.32</b>        |

**6) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL.**
**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

(₹ In Lakhs)

| SN | Particulars of Remuneration  | Name of MD/WTD/ Manager   |                                |                            |                           |                          | Total<br>Amount |
|----|--|---------------------------|--------------------------------|----------------------------|---------------------------|--------------------------|-----------------|
|    |  | Mahendra G.<br>Patel – MD | Rajnikant G.<br>Patel – Jt. MD | Hashmukh I.<br>Patel – WTD | Aashish R.<br>Patel – WTD | Munjal M.<br>Patel – WTD |                 |
| 1. | Gross salary   | 13.29                     | 13.29                          | 13.29                      | 15.75                     | 12.99                    | <b>68.61</b>    |
|    | (a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961 |                           |                                |                            |                           |                          |                 |
|    | (b) Value of perquisites u/s 17 (2) Income-tax Act, 1961                             | 0.29                      | 0.29                           | 0.29                       | 0.29                      | 0.29                     | <b>1.45</b>     |
|    | (c) Profits in lieu of salary under section 17 (3) Income- tax Act, 1961             | —                         | —                              | —                          | —                         | —                        | —               |
| 2. | Stock Option   | —                         | —                              | —                          | —                         | —                        | —               |
| 3. | Sweat Equity   | —                         | —                              | —                          | —                         | —                        | —               |
| 4. | Commission<br>- as % of profit<br>- others specify                                   | —                         | —                              | —                          | —                         | —                        | —               |
| 5. | Others, please specify   | —                         | —                              | —                          | —                         | —                        | —               |
|    | <b>Total (A)</b>   | <b>13.58</b>              | <b>13.58</b>                   | <b>13.58</b>               | <b>16.04</b>              | <b>13.28</b>             | <b>70.06</b>    |
|    | Ceiling as per the Act   | 252.84                    | 252.84                         | 252.84                     | 252.84                    | 252.84                   | <b>252.84</b>   |

**B. Remuneration To Other Directors: Not Applicable**

**C. Remuneration To Key Managerial Personnel Other than MD/Manager/WTD**

(₹ In Lakhs)

| SN | Particulars of Remuneration  | Key Managerial Personnel |                   |     |       |
|----|--|--------------------------|-------------------|-----|-------|
|    |  | CEO                      | Company Secretary | CFO | Total |
| 1. | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section17(3) Income-tax Act, 1961 | —                        | 2.52              | —   | 2.52  |
| 2. | Stock Option   | —                        | —                 | —   | —     |
| 3. | Sweat Equity   | —                        | —                 | —   | —     |
| 4. | Commission<br>- as % of profit<br>- Others, specify...   | —                        | —                 | —   | —     |
| 5. | Others, please specify   | —                        | —                 | —   | —     |
|    | <b>TOTAL</b>   | —                        | 2.52              | —   | 2.52  |

**7) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

| Type                        | Section of the Companies Act | Brief Description | Details of penalty/ punishment/ compounding fees imposed | Authority [RD/NCLT/ COURT] | Appeal made if any (give details) |
|-----------------------------|------------------------------|-------------------|--|----------------------------|-----------------------------------|
| A.COMPANY                   |                              |                   |  |                            |                                   |
| Penalty                     | NONE                         |                   |  |                            |                                   |
| Punishment                  |                              |                   |  |                            |                                   |
| Compounding                 |                              |                   |  |                            |                                   |
| B.DIRECTORS                 |                              |                   |  |                            |                                   |
| Penalty                     | NONE                         |                   |  |                            |                                   |
| Punishment                  |                              |                   |  |                            |                                   |
| Compounding                 |                              |                   |  |                            |                                   |
| C.OTHER OFFICERS IN DEFAULT |                              |                   |  |                            |                                   |
| Penalty                     | NONE                         |                   |  |                            |                                   |
| Punishment                  |                              |                   |  |                            |                                   |
| Compounding                 |                              |                   |  |                            |                                   |

**FOR AND ON BEHALF OF THE BOARD  
FOR LINCOLN PHARMACEUTICALS LIMITED**

Place : Ahmedabad  
Date : May 30, 2017

**M. G. Patel**  
(Managing Director)  
(DIN: 00104706)

**H. I. Patel**  
(Whole-Time Director)  
(DIN: 00104834)

**ANNEXURE 'F'**
**Details of loans, Securities and Guarantees falling under Section 186 of the Companies Act, 2013:**

| Sr. No. | Nature of Transaction and Name of Parties (Loan, Investment, Guarantee)  | Purpose for which Loan is proposed to be utilized by | Amt in Rs.  |
|---------|--|--|---|
| 1.      | <b>Unsecured Loan</b><br>1. Kanchanbhai Baldevbhai Patel<br>2. Kanchanbhai Baldevbhai Patel-HUF<br>3. Vadilal Industries Limited | For Business activities of the Company.              | ₹ 1,41,20,182/-<br>₹ 4,48,68,916/-<br>₹ 1,62,05,917/- |

**FOR AND ON BEHALF OF THE BOARD  
FOR LINCOLN PHARMACEUTICALS LIMITED**

Place : Ahmedabad  
Date : May 30, 2017

**M. G. Patel**  
(Managing Director)  
(DIN: 00104706)

**H. I. Patel**  
(Whole-Time Director)  
(DIN: 00104834)

**DISCLOSURE UNDER SECTION 197 (12) AND RULE 5 (1) OF THE COMPANIES  
(APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- i. **Ratio of the remuneration of each director to the median remuneration of the employees of the company for the Financial Year ended March 31, 2017;**

(₹ In Lakhs)

| SN | Name of Directors       | Remuneration<br>(per annum) | Median Remuneration<br>(per annum) | Ratio |
|----|-------------------------|-----------------------------|------------------------------------|-------|
| 1. | Shri Mahendra G. Patel  | 13.58                       | 3.42                               | 3.97  |
| 2. | Shri Rajnikant G. Patel | 13.58                       | 3.42                               | 3.97  |
| 3. | Shri Hashmukh I. Patel  | 13.58                       | 3.42                               | 3.97  |
| 4. | Shri Aashish R. Patel   | 16.04                       | 3.42                               | 4.71  |
| 5. | Shri Munjal M. Patel    | 13.28                       | 3.42                               | 3.90  |

- 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;**

| SN | Name of Directors       | Designation           | % Increase |
|----|-------------------------|-----------------------|------------|
| 1. | Shri Mahendra G. Patel  | Managing Director     | 5.93       |
| 2. | Shri Rajnikant G. Patel | Jt. Managing Director | 5.93       |
| 3. | Shri Hashmukh I. Patel  | Whole-Time Director   | 5.93       |
| 4. | Shri Aashish R. Patel   | Whole-Time Director   | 6.40       |
| 5. | Shri Munjal M. Patel    | Whole-Time Director   | 5.17       |
| 6. | Shri Bhavik Parikh      | Company Secretary     | 0.00       |

The other Directors are Non-Executive Directors and they are not receiving remuneration and sitting fees during the Financial Year 2016-17.

- iii. **The percentage increase in the median remuneration of employees in the Financial Year; 8.23%**

- iv. **The number of permanent employees on the rolls of company;**

There were 1,052 employees as on March 31, 2017.

- v. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

The average increase in salaries of employees other than managerial personnel in 2016-17 was 8.23% Percentage increase in the managerial remuneration for the year was 5.89.

- vi. **Affirmation that the remuneration is as per the remuneration policy of the Company:**

It is affirmed that the remuneration is as per the remuneration policy of the Company.

**FOR AND ON BEHALF OF THE BOARD  
FOR LINCOLN PHARMACEUTICALS LIMITED**

Place : Ahmedabad  
Date : May 30, 2017

**M. G. Patel**  
(Managing Director)  
(DIN: 00104706)

**H. I. Patel**  
(Whole-Time Director)  
(DIN: 00104834)





## REPORT ON CORPORATE GOVERNANCE

[Pursuant to Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

### 1. Company's Philosophy on Corporate Governance:

Your company believes that sound Corporate Governance is vital for sustained growth and enhancing shareholders' value. We continuously put thrust on implementing best corporate governance practices with highest standards. We strongly believe that timely disclosures, transparency and accountability are basic tenets of Corporate Governance which are integral part of our business and we endeavour to ensure fairness for every stakeholder – our customers, investors, vendors and the communities wherever we operate. Accordingly, we always seek to ensure that our performance is driven by integrity, values and ethics. Your company is proud to be a responsible corporate citizen in all its conduct.

Good Corporate Governance underpins the success and integrity of the organizations, institutions and markets. It is one of the essential pillars for building an efficient and sustainable environment. Strong leadership and effective Corporate Governance practices have always been priorities of the Company.

Your Company has laid down the guiding principles through its Code of business conduct, duly adopted and adhered to by Directors and senior management personnel which has been posted on website of company [www.lincolnpharma.com](http://www.lincolnpharma.com).

### 2. Board of Directors:

#### I. Composition:

The composition of the Board with regard to the number of Executive Directors, Non-Executive Directors and Women Director meets the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has optimum combination of Non-Executive Directors i.e. 50% of the Board consists of Non-Executive Directors. Your Directors have rich and varied experience in fields of business management, medicine, finance, international operations, marketing, Corporate Governance and bring in extensive knowledge and expertise to the Board. It also monitors effectiveness of company's corporate governance practices.

#### II. Board meetings:

During the year, 7 (Seven) Board Meetings were held on April 28, 2016, May 30, 2016, August 11, 2016, September 30, 2016, October 27, 2016, November 10, 2016, and February 9, 2017. The necessary quorum was present for all the meetings. The time gap between any two meetings was not exceeding one hundred and twenty days.

The Company provides the information as set out in Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the Board / committees to the extent it is applicable and relevant.

The composition of the Board of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting, number of other Directorships and committee memberships are given as below:

| SN | Name of Directors       | Category of Directorship | No. of Board Meeting attended |          | #No. of other Committee Member or Chairman | Attendance at Last AGM | *No. of other Directorships |
|----|-------------------------|--------------------------|-------------------------------|----------|--|------------------------|-----------------------------|
|    |                         |                          | Held                          | Attended |  |                        |                             |
| 1  | Shri Kishor M. Shah     | C&NED                    | 7                             | 2        | 0  | No                     | 0                           |
| 2  | Shri Mahendra G. Patel  | P&ED                     | 7                             | 7        | 0  | Yes                    | 0                           |
| 3  | Shri Rajnikant G. Patel | P&ED                     | 7                             | 6        | 0  | Yes                    | 0                           |
| 4  | Shri Hashmukh I. Patel  | P&ED                     | 7                             | 7        | 0  | Yes                    | 0                           |
| 5  | Shri Aashish R. Patel   | P&ED                     | 7                             | 7        | 0  | Yes                    | 0                           |
| 6  | Shri Munjal M. Patel    | P&ED                     | 7                             | 6        | 0  | Yes                    | 1                           |
| 7  | Shri Arvind G. Patel    | P&NED                    | 7                             | 1        | 0  | No                     | 0                           |
| 8  | Shri Ishwarlal A. Patel | NED&ID                   | 7                             | 7        | 0  | Yes                    | 0                           |
| 9  | Dr. Pirabhai R. Suthar  | NED&ID                   | 7                             | 5        | 0  | No                     | 0                           |
| 10 | Dr. Meha M. Patel       | NED&ID                   | 7                             | 7        | 0  | Yes                    | 0                           |

1. C- Chairman, P - Promoter; I - Independent; ED - Executive Director; NED - Non-Executive Director.

2. \* Excludes alternate Directorships/Directorships of Private Companies, Foreign Companies and Companies under Section 8 of Companies Act, 2013.

3. # The committees considered for the above purpose are those as specified in regulation 26 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 i.e. Audit Committee and Stakeholders Relationship Committee.

The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors and Independent Directors during the year under review.

Pursuant to the provisions of Section 165(1) the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, None of the Directors holds Directorships in more than 20 Companies including 10 Public Companies, holds Membership of Board Committees (Audit & Stakeholders Relationship Committees) in excess of 10 and Chairmanship of Committee as aforesaid in excess of 5, across all the Companies (public companies) in which he / she is a director or member. None of the Directors serve as Independent Director in more than 7 listed Companies. None of the Director who serves as Whole-Time Director in any listed Company serves as Independent Director in more than three listed Companies.

### III. Disclosure of relationships between Directors inter-se:

The Board comprises of combination of Independent, Non-Executive and Executive Director. Shri Mahendra G. Patel, Managing Director is the father of Shri Munjal M. Patel, Whole-Time Director, Shri Rajnikant G. Patel, Jt. Managing Directors is the father of Shri Ashish R. Patel, Whole-Time Director of the Company. Shri Arvind G. Patel, Director, Shri Mahendrabhai G. Patel, Managing Director and Shri Rajnikant G. Patel Jt. Managing Director are brothers. None of the other Directors are related to each other.

### IV. Prohibition of Insider Trading:

In Compliance with the SEBI Regulations on prevention of Insider Trading, the Company has framed a Code of Conduct to avoid any insider trading and it is applicable to all the Directors, Promoters, Senior Managerial Personnel and other connected persons of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing in the shares of the Company.

### V. Number of shares and convertible instruments held by Non-Executive Directors:

The numbers of shares held by the Non-Executive Directors as on March 31, 2017 are as mentioned below. Non-Executive Directors of the Company do not hold any convertible instruments.

| Name of the Directors    | Number of Shares Held as on March 31, 2017 |
|--------------------------|--|
| Shri Arvind G. Patel     | 1,11,000                                   |
| Shri Ishwarbhai A. Patel | 50,400                                     |
| Dr. Pirabhai R. Suthar   | NIL  |
| Dr. Meha M. Patel        | NIL  |
| Shri Kishor M. Shah      | 4,78,400                                   |

### VI. Familiarization Programme for Independent Directors:

In order to enable the Independent Directors to fulfill their role in the Company, the Company keeps them updated by conducting various presentations, imparting information on new initiatives taken by the Company, intimating the changes taking place in the industry scenario etc. The Company has in place a policy on the Familiarisation Programme for Independent Directors to make them aware about the details of the Company. The said policy is also uploaded on the website of the Company under the following link: <https://www.lincolnpharma.com/wp-content/uploads/2014/11/Policy-on-Familiarisation-Programme-of-Independent-Directors.pdf>

## 3. Audit Committee:

The Audit committee of the Company is constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### I. Terms of Reference:

The terms of reference of the Audit Committee covers the matters specified under Regulation 18 read with Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The brief terms of reference of the Audit Committee are as under:

1. To review the quarterly (un-audited) and annual financial statements before the same are submitted to the Board and to oversee the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, adequate and credible;
2. The recommendation for appointment, remuneration and terms of appointment of Auditors of the company;
3. To review and monitor the Auditors independence, and performance, and effectiveness of audit process;
4. To review the adequacy of internal control systems, evaluation of internal financial controls and risk management systems and to review the functioning of the Whistle Blower mechanism;
5. Scrutiny of loans, advances and investments, valuation of undertakings or assets of the company, wherever it is necessary and to approve the transactions of the company with related parties and any subsequent modification thereto;
6. To carry out any other function that relates to accounts and audit of the company.

### II. Composition, meetings and attendance at the meetings during the year:

All members of the Audit Committee have accounting and financial management knowledge. The Audit Committee consists of majority of Independent Directors, the Company Secretary of the Company act as Secretary to the Committee. During the year under review, 5(Five) Committee Meetings were held on April 28, 2016, May 30, 2016, August 11, 2016, November 10, 2016 and

February 9, 2017 necessary quorum was present at all the meetings. The composition of the Audit Committee and details of attendance of members of the Committee at the meetings are as under:

| Name of the Member      | Category                      | No. of Meetings |          |
|-------------------------|-------------------------------|-----------------|----------|
|                         |                               | Held            | Attended |
| Shri Ishwarlal A. Patel | Chairman–Independent Director | 5               | 5        |
| Dr. Pirabhai R. Suthar  | Independent Director          | 5               | 5        |
| Shri Mahendra G. Patel  | Executive Director            | 5               | 5        |

The Statutory Auditors, Internal Auditors, and other relevant Senior Management Persons are invited to attend the Meetings of Audit Committee. The Chairman of Audit Committee was present at the last Annual General Meeting held on September 30, 2016.

The interval between two meetings convened was not more than 120 days.

The Committee inter-alia acts as a vital link between statutory and internal auditors and the Board of Directors of the Company.

#### 4. Nomination and Remuneration Committee.

As required under Section 178 of the Companies Act, 2013 read with Regulation 19 and Part-D of Schedule-II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has adequately constituted Nomination and Remuneration Committee.

##### I. Terms of reference:

The terms of reference of the Committee cover the matters specified for Nomination and Remuneration Committee under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The brief terms of reference of Nomination and Remuneration Committee inter alia, includes the following:

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down;
- To recommend to the Board their appointment and removal and shall carry out evaluation of Directors' performance;
- To formulate the criteria for determining qualifications, positive attributes and independence of a director;
- To recommend to the Board, a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

##### II. Composition, meetings and attendance at the meetings during the year:

The composition of the Committee and details of attendance of the Committee members at the meetings are given as under. During the year under review, 2 (Two) Committee meetings were held on September 29, 2016 and February 9, 2017. The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee;

| Name of the Member      | Category                        | No. of Meetings |          |
|-------------------------|---------------------------------|-----------------|----------|
|                         |                                 | Held            | Attended |
| Shri Ishwarlal A. Patel | Chairman & Independent Director | 2               | 2        |
| Dr. PirabhaiR. Suthar   | Independent Director            | 2               | 2        |
| Shri Kishor M. Shah     | Non-Executive Director          | 2               | 0        |

##### III. Performance Evaluation Criteria for Independent Directors

The Performance of the Independent Director is evaluated based on the criteria such as his knowledge, experience, integrity, expertise in any area, number of Board / Committee meetings attended, time devoted to the Company, his participation in the Board / Committee meetings etc. The Performance evaluation of the Independent Directors was carried out by the Board and while evaluating the performance of the Independent Directors, the Director who was subject to the evaluation did not participate.

#### 5. Directors' Appointment and Remuneration Policy:

As per Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee recommended the policy relating to the remuneration of Directors, Key Managerial Personnel and other employees which was approved by the Board. The below mentioned is the Appointment and Remuneration policy as adopted by the Board:

##### a. Criteria determining the qualifications, positive attributes and independence of a Director and Policy for appointment and removal:

###### INDEPENDENT DIRECTORS

##### • Qualifications of Independent Director:-

An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of medical, finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the company's business.

• **Positive attributes of Independent Directors:-**

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the company in implementing the best corporate governance practices.

• **Independence of Independent Directors:-**

An Independent director should meet the requirements of Section 149, Schedule IV of the Companies Act, 2013 and Clause 49(II) (B) of the Listing Agreement.

**OTHER DIRECTORS AND SENIOR MANAGEMENT**

- i. The Nomination and Remuneration Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or at Senior Management level and recommend to the Board his / her appointment.
- ii. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The said Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- iii. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years. Moreover any person appointed shall not continue in the Company if the evaluation of his performance is not satisfactory to the said committee.

**Rationale for Remuneration Framework:**

- i. Internal Ratios: The Compensation package for employees at levels lower than Executive Directors should be revised in the form of performance increments, structural improvements and Cost of Living Adjustments at regular intervals. This will lead to a compressing of the compensation differential between the lowest and highest levels of executive management.
- ii. Compliance & Risk Parameters: In view of company law regulations, the compliance roles of Executive Directors far outweigh that of any other level, and consequently the risk parameters associated with these jobs are of a significantly higher level as compared to the junior levels and accordingly the remuneration should be paid.

**b. Remuneration Pattern:**

**Executive Directors:**

Structure: A summary of the structure set is as mentioned below:

| Components           | Item  | Description   | Policy  |
|----------------------|---|---|---|
| Base Salary          | <ul style="list-style-type: none"> <li>Reflects the person's experience, criticality of the role with the Company and the risk factor involved</li> </ul> | <ul style="list-style-type: none"> <li>Consolidated Salary fixed for each Financial Year</li> <li>This component is also used for paying retiral benefits</li> <li>Paid on a monthly basis</li> </ul> | Normally positioned as the highest as compared to the other components.   |
| Short-term incentive | <ul style="list-style-type: none"> <li>Based totally on the performance of the Director</li> </ul>  | <ul style="list-style-type: none"> <li>Variable component of the remuneration package</li> <li>Paid on an annually basis</li> </ul>   | Determined by the Nomination and Remuneration Committee after year-end based on the evaluation of performance against the pre-determined financial and non- financial metrics |
| Long-term incentive  | <ul style="list-style-type: none"> <li>Drive and reward delivery of sustained long-term performance</li> </ul>  | <ul style="list-style-type: none"> <li>Variable long-term remuneration component.</li> </ul>  | Determined by the Nomination and Remuneration Committee and distributed on the basis of time, level and performance   |
| Retiral Benefits     | <ul style="list-style-type: none"> <li>Provide for sustained contribution</li> </ul>  | <ul style="list-style-type: none"> <li>Accrues depending on length on service.</li> </ul>   | Paid post separation from the Company as per the Rules of the Provident Fund and Gratuity Acts  |

**Key Management Personnel and senior Management and Other Employees:**

1. "Senior Management" shall mean the personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

2. The remuneration package of the Key Management and Senior Management and Other Employees comprises of:
  - A. Fixed Remuneration: This includes a Monthly Salary such as Consolidated Pay, Variable House Rent Allowance, Compensatory Allowance, Utility Allowance, Interest Subsidy on Housing Loans;
  - B. Annual Allowances: This consists of Leave Travel Allowance, Medical Reimbursement and House Maintenance Allowance.
  - C. Retirals: This includes Provident Fund, Gratuity and Superannuation, if any.

**Non-Executive Directors:**

The Remuneration to the Non-Executive Directors should be determined as per the provisions of the Companies Act, 2013 and related rules framed there under. However the Nomination and Remuneration Committee may from time to time suggest the payment and revision in the same as and when necessary.

**c. Remuneration of Directors:**

The total remuneration package is designed to provide an appropriate balance between fixed and variable components with focus on Performance Related Pay so that strong performance is incentivized but without encouraging excessive risk.

The Board has approved a policy for Directors Appointment and Remuneration in the meeting held on August 14, 2014 and has been uploaded on the website i.e. [www.lincolnpharma.com](http://www.lincolnpharma.com)

- **Details of remuneration for the Financial Year 2016-2017 are as given below:** (Rs. In Lakhs)

| Name                    | Service Contract / Period                 | Position held during the period | Salary and allowances | Perquisites | Total Remuneration |
|-------------------------|---|---------------------------------|-----------------------|-------------|--------------------|
| Shri Mahendra G. Patel  | *3 years w.e.f. October 01, 2016          | Managing Director               | 13.29                 | 0.29        | 13.58              |
| Shri Rajnikant G. Patel | *3 years w.e.f. October 01, 2016          | Jt. Managing Director           | 13.29                 | 0.29        | 13.58              |
| Shri Hashmukh I. Patel  | *3 years w.e.f. October 01, 2016          | Whole-Time Director             | 13.29                 | 0.29        | 13.58              |
| Shri Aashish R. Patel   | 5 years commencing from November 14, 2014 | Whole-Time Director             | 15.75                 | 0.29        | 16.04              |
| Shri Munjal M. Patel    | 5 years commencing from November 14, 2014 | Whole-Time Director             | 12.99                 | 0.29        | 13.28              |
| <b>TOTAL</b>            |   |                                 | <b>68.61</b>          | <b>1.45</b> | <b>70.06</b>       |

\* Re-Appointment of Directors subject to approval of members in AGM

- All the Executive Directors have been paid remuneration as per the approval given by the Board and shareholders of the Company.
- The Company has not paid sitting fees to any Directors of Company.
- Notice Period: The office of the above mentioned Managing Director, Jt. Managing Director and Whole Time Directors is terminable by giving six months' notice in writing by either side.

**6. Stakeholders Relationship Committee.**

- I. The Stakeholders Relationship Committee is constituted in compliance with Section 178 of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee is responsible for resolving investor's complaints pertaining to share transfers, non-receipt of annual reports, Dividend payments, issue of duplicate share certificates, transmission of shares and other shareholder related queries, complaints etc.

During the year, 4 (Four) Committee Meetings were held on April 20, 2016, June 10, 2016, December 2, 2016 and January 20, 2017. The composition and details of attendance of members of the Committee at the meetings are as under:

The attendance of each member of the Committee is as per table given below:

| Name of the Member         | Category               | No. of Meetings |          |
|----------------------------|------------------------|-----------------|----------|
|                            |                        | Held            | Attended |
| Shri Arvindbhai G. Patel   | Non-Executive Director | 4               | 2        |
| Shri Mahendra G. Patel     | Executive Director     | 4               | 4        |
| Shri Hasmmukhbhai I. Patel | Executive Director     | 4               | 4        |
| Shri Ishwarbhai A. Patel   | Independent Director   | 4               | 4        |

**II. Name and designation of Compliance officer:**

|  |   |
|--|---|
| Name of the Company Secretary and the Compliance Officer | Mr. Bhavik Parikh   |
| Address  | "LINCOLN HOUSE", Behind Satyam Complex,<br>Science City Road, Sola, Ahmedabad-380060. |
| Contact Number   | +91-79-67778000/81  |
| E-mail   | cs@lincolnpharma.com  |

**III. Summary of Shareholders Complaints:**

|   |     |
|---|-----|
| Number of Complaints received                                       | 2   |
| Number of Complaints solved   | 2   |
| Number of Complaints not solved to the satisfaction of Shareholders | NIL |
| Number of Pending Complaints  | NIL |

**7. Corporate Social Responsibility (CSR) Committee:**

As required under Section 135 of the Companies Act, 2013, the Board has constituted the Corporate Social Responsibility Committee. The Corporate Social Responsibility committee of the Company is adequately constituted as required under the provisions of Companies Act, 2013.

**The scope of the committee is :**

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company.
- To recommend an amount of expenditure to be incurred on the activities as referred in Corporate Social Responsibility Policy of the Company.
- To monitor the Corporate Social Responsibility Policy of the company from time to time.
- To prepare a transparent monitoring mechanism for ensuring implementation of the projects / programmes / activities proposed to be undertaken by the Company.

**Composition, meetings and attendance at the meetings during the year**

During the year under review, 2 (Two) Committee Meetings were held on May 30, 2016 and August 11, 2016, the necessary quorum was present at the meetings. The composition of the Committee and details of attendance of members of the Committee at the meetings are as under:

| Name of the Member      | Category             | No. of Meetings |          |
|-------------------------|----------------------|-----------------|----------|
|                         |                      | Held            | Attended |
| Shri Mahendra G. Patel  | Executive Director   | 2               | 2        |
| Shri Rajnikant G. Patel | Executive Director   | 2               | 2        |
| Shri Ishwarlal A. Patel | Independent Director | 2               | 2        |

**8. Independent Directors:**

As mandated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors meet the criteria of Independence as per Regulation 25 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Formal letter of appointment has also been issued to the Independent Directors. The terms and conditions of their appointment have been posted on the website of the Company i.e. [www.lincolnpharma.com](http://www.lincolnpharma.com)

Schedule IV of the Companies Act, 2013, inter alia, prescribes that the Independent Directors of the Company shall hold at least one meeting in a year.

The Independent Directors met on February 9, 2017 and inter alia, discussed the following:

- Evaluation of performance of Non-independent Directors including chairman of the company and the Board of Directors as a whole;
- Evaluation of the quality, content and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the independent Directors except Shri Kishor M. Shah have attended the meeting.



## 9. Management Discussion and Analysis:

### Introduction

Indian Pharmaceutical Industry is the largest provider of cost-effective generic medicines to the developed world. The Country lead pharmaceutical export to the world, owing to a range of medicine exports and has possibly the largest number of USFDA approved Pharmaceuticals manufacturing facilities.

Indian economy is the seventh largest in the world in terms of nominal GDP. The Make in India. Move will further strengthen the local manufacturing Industry across the country there by utilising the available resources to the maximum. The proposed consolidated Indirect Tax rule in the form of GST is replacing all the Indirect Taxes from July, this year.

### i. Industry structure and developments.

The Government of India unveiled “Pharma0 Vision-2020” aimed at making India a Global Leader in End-to-End drug manufacturing. Approval time for new facilities has been reduced to boost investments. By FY-2020, India is likely to be among the top three Pharmaceuticals by incremental growth and sixth largest market globally absolute size.

### ii. Opportunities and Threats.

The Government of India is focusing on bolstering growth and investment in the Indian Pharmaceuticals Industry. It allows 100% FDI (Foreign Direct Investment) under the automatic route (without prior permission) in the Pharmaceuticals sector. FDI favourably impacts the pharma Industry by providing access to more capital/funds for investing in R&D. The environment for domestic Pharma Companies remains challenging. With more products coming under price control and other pressure such as government legislation to ban certain fixes close combination drugs, the pharma market is under pressure.

The Company manages the risk through careful market research for selection of new products, planning and continues monitoring. The company’s Research and Development (R &D) Department has developed many new Formulation.

### iii. Segment-wise or product-wise performance.

Our Company is presenting different segments likes Cardiac, Diabetic, Anti-malarial, Anti-biotic, Anti-fungal, Cephalosporin’s, Analgesic, Anaesthetics, Anti-pyretic, GIT products, Vitamin-Minerals & Iron preparations. Our Company’s main focus is on Cardiac and Diabetic Segments as we have till now achieved a good growth in these segments. Now our presence has been expanded with more number of Doctors and Hospitals. In our existing forte in Respiratory segment we have expanded our basket with new set of products, so we are expecting extensive growth in this.

### iv. Outlook.

Indian Pharmaceutical market size is expected to grow significantly. The Government is also taking relevant steps to reduce cost of medicine and bring down healthcare expense. India’s economic growth is expected to accelerate, backed by improved investor confidence and better policy reforms. The Government’s continuing fiscal consolidation and gradual improvement in rural demand are expected to drive growth, going forward. The Country’s growth rate is likely to touch 7.40% in 2018, driven by a rebound consumption demand post demonetisation.

### v. Risks and concerns.

The company has in place mechanism to inform the board about the risk assessment and minimisation procedure and periodical review to ensure that management control risk through means of a properly defined framework. The company has formulated and adopted risk Management Policy to prescribe risk assessment, management, reporting and disclosure requirement of the company.

### vi. Internal control systems and their adequacy.

Your Company’s internal systems are adequate and commensurate with the size of operation. These controls ensure that transactions are authorised, recorded and reported on time. The Company maintains a system of internal control including suitable monitoring procedure in various functional areas. . The Internal Audit department carried out audits in different area of Company’s operations. Post audit reviews were carried out to ensure that audit recommendations were implemented. The Audit Committee of the Board of Directors reviewed the audit programme and findings of the Internal Audit Departments.

### vii. Discussion on Financial performance with respect to operational performance.

Financial Performance of the Company is remained excellent in the term profit after tax. Profit after tax increase by 16% for the year ended March 31, 2017 compared previous year ended March 31, 2016.

### viii. Material developments in Human Resources / Industrial Relation

The Management consistently encourages a culture of employee recognition and motivation. This is achieved through the company’s well designed polices and processes that recognise and reward the contribution of teams through various employee benefit schemes Learning and Development has provided various learning platforms which include training programmes and self-learning modules to meet the development need of employees to help build their skills, knowledge, & capability.



**10. General Body Meetings**
**A. Location, Date and Time where the last three Annual General Meetings were held:**

| Annual General Meeting |  |            |           |   |
|------------------------|--|------------|-----------|---|
| Financial Year Ended   | Venue  | Date       | Time      | Particulars of Special Resolution passed  |
| 31-03-2016             | "LINCOLN HOUSE", Behind Satyam Complex, Science City Road, Sola, Ahmedabad-380060. | 30-09-2016 | 10.30 A.M | None  |
| 31-03-2015             | "LINCOLN HOUSE", Behind Satyam Complex, Science City Road, Sola, Ahmedabad-380060. | 30-09-2015 | 10.30 A.M | Approval of Related Party Transactions u/s 188 of Companies Act, 2013.  |
| 31-03-2014             | "LINCOLN HOUSE", Behind Satyam Complex, Science City Road, Sola, Ahmedabad-380060. | 30-09-2014 | 10.30 A.M | 1. Approval for borrowing fund u/s. 180(1) (c) of Companies Act, 2013.<br>2. Authority to create mortgage/ charge on assets of the Company u/s 180(1) (a) of Companies Act, 2013. |

**B. Whether any special resolution passed last year through postal ballot**

No

**C. Whether any special resolution is proposed to be conducted through postal ballot**

No

**11. Means of Communication:**

|  |  |
|--|--|
| Quarterly Results  | The results are published in the English and Gujarati (vernacular language) Newspapers.  |
| Which Newspapers wherein results normally published                  | The Economic Times, English and Gujarati Edition   |
| Any website, where displayed   | Company's website-www.lincolnpharma.com and websites of Stock Exchanges i.e. BSE-www.bseindia.com and NSE-www.nseindia.com                   |
| Whether it also displays official news releases                      | Yes  |
| The presentations made to institutional investors or to the analysts | The company has not made any presentation to institutions investors or to analysts during the year under review.                             |
| Website  | The Company's website contains a separate section namely "Investor Relation" where the useful information for the Shareholders is available. |

**12. General Shareholder Information**

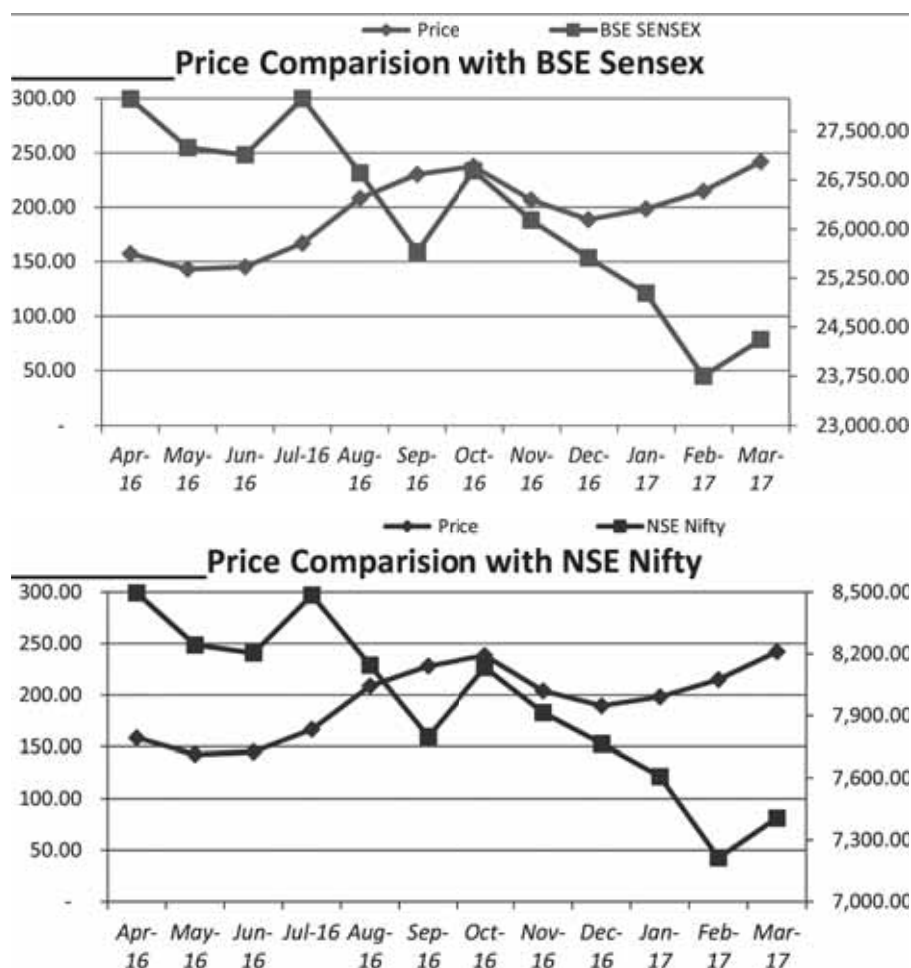
|  |  |
|--|--|
| 23 <sup>rd</sup> AGM with Date, Time and Venue | Friday, September 29, 2017 at 10.30 A.M.<br>"LINCOLN HOUSE", Behind Satyam Complex,<br>Science City Road,Sola, Ahmedabad-380060.           |
| Financial Year                                 | Commencing on April 1 and ending on March 31 (2016-17)   |
| Dividend Payment Date                          | Within Statutory period of 30 days from the date of approval of Members at the Annual General meeting. (i.e on or before October 29, 2017) |

|   |   |
|---|---|
| Listing on Stock Exchanges with Scrip Code  | 1. BSE Ltd. (BSE) - 531633<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.<br>2. NSE Ltd. (NSE) - LINCOLN<br>Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051   |
| Payment of Listing Fees   | The Company confirms that Annual listing fees for both the Stock Exchanges where Shares of the Company are listed have been paid.   |
| In case the securities are suspended from trading, the Directors report shall explain the reason thereof;   | Not Applicable  |
| Registrar and Share Transfer Agent  | LINK INTIME INDIA PRIVATE LIMITED<br>5 <sup>th</sup> Floor, 506-508, Amarnath Business Centre-1,<br>Beside Gala Business Centre, Near St. Xavier's Collage Corner,<br>Off C. G. Road, Navrangpura, Ahmedabad-380009.                            |
| Share Transfer System   | The process of transfer / transmission / transposition etc. of equity shares in physical form including dispatch of the share certificates is completed within a period of 15 days if the documents are in order in all respects.               |
| Dematerialization of shares and liquidity;  | As on March 31, 2017, 1,94,03,390 Equity shares (97.02%) are held in dematerialised form by the shareholders.   |
| Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity; | Not Applicable  |
| Commodity price risk or foreign exchange risk and hedging activities;   | Not Applicable  |
| Plant Locations;  | The Company's plant is located at 10,12,13, Trimul Estate, At. Khatraj, Ta-Kalol, District-Gandhinagar, Gujarat.  |
| Address for Correspondence  | LINCOLN PHARMACEUTICALS LIMITED<br>"LINCOLN HOUSE", Behind Satyam Complex,<br>Science City Road, Sola, Ahmedabad-380060.<br>Ph. No.: +91-79-67778000; Fax No.: +91-79-67778062<br>E-mail: info@lincolnpharma.com; Website:www.lincolnpharma.com |

**a) Market Share Price Data of the Company's shares traded on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) during the Financial Year 2016-17:**

| SN | Month – Year    | BSE Limited (Rs.) |           | NSE Limited (Rs.) |           |
|----|-----------------|-------------------|-----------|-------------------|-----------|
|    |                 | High Price        | Low Price | High Price        | Low Price |
| 1  | April, 2016     | 165.00            | 150.10    | 165.50            | 151.40    |
| 2  | May, 2016       | 158.40            | 128.00    | 158.00            | 127.30    |
| 3  | June, 2016      | 155.30            | 135.15    | 155.00            | 135.00    |
| 4  | July, 2016      | 184.50            | 149.35    | 184.50            | 148.55    |
| 5  | August, 2016    | 242.00            | 174.85    | 242.45            | 174.60    |
| 6  | September, 2016 | 254.70            | 205.90    | 254.75            | 201.20    |
| 7  | October, 2016   | 250.00            | 225.50    | 250.90            | 225.70    |
| 8  | November, 2016  | 239.40            | 174.20    | 238.90            | 168.90    |
| 9  | December, 2016  | 202.50            | 175.00    | 202.90            | 176.00    |
| 10 | January, 2017   | 212.00            | 185.10    | 211.50            | 184.60    |
| 11 | February, 2017  | 244.50            | 185.50    | 244.70            | 185.00    |
| 12 | March, 2017     | 256.20            | 227.50    | 256.80            | 227.00    |

## b) Share Performance of the Company :



## c) The Distribution of Shareholdings as on March 31, 2017 is as under:

| No. of Shares    | No. of Shareholders | % of holders  | No. of Shares      | % of Shares   |
|------------------|---------------------|---------------|--------------------|---------------|
| 1-500            | 13,021              | 84.66         | 18,08,794          | 9.04          |
| 501-1000         | 1,180               | 7.67          | 9,55,020           | 4.78          |
| 1001-2000        | 561                 | 3.65          | 8,59,213           | 4.30          |
| 2001-3000        | 219                 | 1.42          | 5,62,548           | 2.81          |
| 3001-4000        | 74                  | 0.48          | 2,72,998           | 1.37          |
| 4001-5000        | 64                  | 0.42          | 2,99,183           | 1.50          |
| 5001-10,000      | 124                 | 0.81          | 8,94,521           | 4.47          |
| 10,001 and above | 136                 | 0.89          | 1,43,47,723        | 71.73         |
| <b>TOTAL</b>     | <b>15,379</b>       | <b>100.00</b> | <b>2,00,00,000</b> | <b>100.00</b> |

## d) Financial reporting for the quarter ending (tentative and subject to change):

|   |  |
|---|--|
| Annual General Meeting                        | On or before September 30, 2017                      |
| Results for quarter ending June 30, 2017      | On or before extended period upto September 14, 2017 |
| Results for quarter ending September 30, 2017 | On or before extended period upto December 14, 2017  |
| Results for quarter ending December 31, 2017  | On or before February 14, 2018                       |
| Results for year ending March 31, 2018        | On or before May 30, 2018                            |

e) **Shareholding Pattern as on March 31, 2017:**

| Sr. No. | Category                     | No. of Shares      | (%)            |
|---------|------------------------------|--------------------|----------------|
| 1       | Promoters & Promoter group   | 66,35,915          | 33.18%         |
| 2       | Mutual Funds/ UTI            | 0                  | 0.00%          |
| 3       | Financial Institutions/Banks | 1,87,178           | 0.94%          |
| 4       | Bodies Corporate             | 22,60,778          | 11.30%         |
| 5       | NRI (Repatriable)            | 4,30,080           | 2.15%          |
| 6       | NRI (Non Repatriable)        | 6,00,708           | 3.00%          |
| 7       | Individuals / HUF            | 97,05,710          | 48.53%         |
| 9       | Clearing Members             | 1,79,631           | 0.90%          |
|         | <b>Total</b>                 | <b>2,00,00,000</b> | <b>100.00%</b> |

**13. Other Disclosures.**

**i. Related Party Transactions:**

All transactions entered into with Related Parties as defined under the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the Financial Year were in the ordinary course of business and on an arm's length basis and do not attract the provisions of section 188 of the Act. There were no materially significant transactions with related parties during the Financial Year which were in the conflict of interest of the Company.

The Board has approved a policy for related party transactions which has been uploaded on the website of the Company i.e. [www.lincolnpharma.com](http://www.lincolnpharma.com)

**ii. Compliance by the Company:**

There has been no instance of non-compliance by the Company, no penalties or strictures being imposed on the Company by the Stock Exchanges or SEBI or any statutory authority or any matter related to capital market during the last three years.

**iii. Vigil Mechanism / Whistle Blower Policy:**

In accordance with the provisions of Section 177 (9) of the Companies Act, 2013 and the Rules made there under read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Company has established a vigil mechanism termed as Whistle Blower Policy, for Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy, which also provides for adequate safeguards against victimization of director(s)/employee(s) who avail of the mechanism and also provide for direct access to the chairman of the Audit Committee in exceptional cases.

The Vigil Mechanism / Whistle Blower Policy is devised in such a manner that would enable the stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices. As per the policy no person has been denied the access to the Audit Committee.

The Vigil Mechanism / Whistle Blower Policy is made available on the website of the Company i.e. [www.lincolnpharma.com](http://www.lincolnpharma.com).

**iv. Details of compliance with mandatory requirements:**

**Mandatory requirements:**

The Company complies with the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to Corporate Governance. The Company has partially adopted the non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**v. Policy for determining 'material' subsidiaries:**

The Company has formulated a policy for determining the Material Subsidiaries which is also placed on the website of the Company i.e. [www.lincolnpharma.com](http://www.lincolnpharma.com). (To mention the link on the website of the Company).

**vi. Disclosure of commodity price risks and commodity hedging activities:**

Not Applicable

**vii. The Company has duly fulfilled the following discretionary requirements as prescribed in Schedule II Part E of the SEBI Listing Regulations:**

- The Auditors' Reports on Statutory Financial Statements of the Company are unqualified.
- Shri Kishor M. Shah is the Chairman of the Company and Shri Mahendrabhai G. Patel - Managing Director and Shri Rajnikant G. Patel is Jt. Managing Director of the Company. The Company has complied with the requirement of having separate persons to the post of Chairman and Managing Director.

**14. Secretarial Audit for Reconciliation of Capital:**

As stipulated by SEBI, Practising Company Secretaries carry out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and report thereon is submitted to the Stock Exchange(s) where shares of the Company are listed. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

**15. Declaration of compliance of Code of Conduct:**

Pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and according to the information provided / available, it is hereby confirmed that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the Financial Year 2016-2017. The Code of Conduct is also posted on the website of the Company i.e www.lincolnpharma.com

**16. Disclosure of the compliance with corporate governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements), 2015:**

The Company have complied with the requirements specified in regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligation and disclosure Requirements) Regulation, 2015.

**FOR AND ON BEHALF OF THE BOARD  
FOR LINCOLN PHARMACEUTICALS LIMITED**

Place : Ahmedabad  
Date : May 30, 2017

**M. G. Patel**  
(Managing Director)  
(DIN: 00104706)

**H. I. Patel**  
(Whole-time Director)  
(DIN: 00104834)

**SERETARIAL AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members,  
**LINCOLN PHARMACEUTICALS LIMITED**

We have examined the compliance of conditions of Corporate Governance by LINCOLN PHARMACEUTICALS LIMITED ("the Company"), for the year ended March 31, 2017, as stipulated in regulation 17 to 27, clauses (b) to (i) of regulation 46 (2) and paragraph C, D and E of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations, except regulation 17(1) (b) of the Listing Regulations.

We further 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.

Restriction on use:

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

**FOR RAHUL AGARWAL & ASSOCIATES  
COMPANY SECRETARIES**

**RAHUL AGARWAL**  
**PROPRIETOR**  
ACS: 35598  
COP: 13202

Place : Ahmedabad  
Date : May 30, 2017

## INDEPENDENT AUDITORS' REPORT

To,  
The Members of  
Lincoln Pharmaceuticals Limited  
Ahmedabad

### 1. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **LINCOLN PHARMACEUTICALS LIMITED ("the Company")**, which comprise the Balance Sheet as at **31st March, 2017**, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### 2. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- ii. In the case of the Statement Profit and Loss Account, of the profit for the year ended on that date and
- iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### 5. Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
- (ii) As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (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, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. – Refer Note 26(k) to the financial statements;
  - ii. The Company does not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management. – Refer Note 26(s) to the financial statements.

**For, J. T. Shah & Co.**  
Chartered Accountants,  
[Firm Regd. No. - 109616W]

**(J. T. Shah)**  
Partner  
[M. No. 3983]

Place : Ahmedabad  
Date : 30-05-2017

**ANNEXURE "A" TO THE AUDITORS REPORT**  
**Referred to in paragraph 5(i) of our Report of even date to the Members of**  
**Lincoln Pharmaceuticals Limited for the year ended 31<sup>st</sup> March, 2017.**

**1. In respect of Fixed Assets :**

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets on the basis of available information.
- (b) As per the information and explanations given to us, the management at reasonable intervals during the year in accordance with a programme of physical verification physically verified the fixed assets and no material discrepancies were noticed on such verification as compared to the available records.
- (c) As explained to us, the title deeds of all the immovable properties are held in the name of the company.

**2. In respect of its Inventories :**

As per the information and explanations given to us, inventories were physically verified during the year by the management at reasonable intervals. No material discrepancies were noticed on such physical verification.

**3. In respect of Loans and Advances granted during the year:**

The Company has granted unsecured loans to party covered in the Register maintained under section 189 of the Companies Act, 2013. The details in respect of clause (iii) (a) to (c) of the Order are as under:-

- (a) The terms and conditions of the grant of such loans are prima facie not prejudicial to the interest of the company.
- (b) The principal amount of loan has been repaid as per stipulated terms and such party is regular in payment of interest.
- (c) There is no overdue amount of loans granted to parties covered in the Register maintained under section 189 of the Companies Act, 2013.

**4. Loans, Investments and guarantees:**

In our opinion and according to the information and explanation given to us, the company had complied with provisions of section 185 and 186 of the Companies Act, 2013 in respect of granting loans, guarantee or security or making any investments.

**5. Acceptance of Deposits:**

During the year, the company has not accepted any deposits and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable to the company. Therefore clauses (v) of companies (Auditor's Report) Order, 2016 is not applicable.



**6. Cost Records:**

We have broadly reviewed the books of account maintained by the company pursuant to the companies (Cost Accounting Records) Rule, 2011 prescribed by the Central Government under sub section (1) of section 148 of the Companies Act, 2013. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

**7. In respect of Statutory Dues :**

- (a) According to the records of the Company, the Company is by and large regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities applicable to it except delay in few cases in respect of tax deducted at source and service tax. According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues were outstanding as at 31<sup>st</sup> March, 2017 for a period of more than six months from the date they became payable.
- (b) According to the records of the company, the dues of income tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

| Name of the Statute  | Nature of the Dues | Financial Year | Amount (₹)  | Forum where dispute is pending       |
|----------------------|--------------------|----------------|-------------|--------------------------------------|
| Income Tax Act, 1961 | Income Tax Demand  | 2009-10        | 1,70,18,480 | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Income Tax Demand  | 2012-13        | 4,10,360    | Income Tax Appellate Tribunal        |
| Income Tax Act, 1961 | Income Tax Demand  | 2013-14        | 40,74,950   | Commissioner of Income Tax (Appeals) |

**8. Default in repayment:**

Based on our audit procedure and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to a Financial Institutions, Banks or Government authorities. The company has no debenture holder borrowing during the year.

**9. Application of raised fund:**

According to the information and explanations given to us, the company had not raised any money by way of public issue during the year. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, in our opinion, the term loans taken during the year were applied for the purpose for which they were obtained.

**10. Fraud:**

Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the Company or any fraud on the company by its officer or employees has been noticed or reported during the course of our audit.

11. In our opinion and according to the information and explanations given to us, the company had paid managerial remuneration which is in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of The Companies Act, 2013.
12. In our opinion and according to the information and explanations given to us, the provisions of special statute applicable to chit funds and nidhi / mutual benefit funds / societies are not applicable to the company. Hence, paragraph 3(xii) of the Company's (Auditor's Report) Order, 2016 is not applicable.
13. In our opinion and according to the information and explanations given to us, the transactions entered by the company with related parties are in compliance with the provisions of section 177 and 188 of the Companies Act, 2013 and details thereof are properly disclosed in the financial statements.
14. During the year, The Company has converted warrants into equity shares issued previously through preferential allotment of shares and has complied with the requirement of section 42 of the Companies Act, 2013, further amount raised by said preferential issue have been used for the purpose for which funds were raised. Refer Note 26(r) to the financial statements.
15. The company had not entered in to any non-cash transactions with the directors or persons connected with him during the year, hence section 192 of the Companies' Act, 2013 is not applicable, hence clause (xvi) of Company's (Auditor's Report) Order, 2016 is not applicable.
16. As the company is not required to register under section 45-IA of Reserve Bank of India Act, 1934, hence, clause (xvi) of Company's (Auditor's Report) Order, 2016 is not applicable.

**For, J. T. Shah & Co.**  
Chartered Accountants,  
[Firm Regd. No. - 109616W]

**(J. T. Shah)**  
Partner  
[M. No. 3983]

Place : Ahmedabad  
Date : 30-05-2017

**ANNEXURE “B” TO THE AUDITORS REPORT**

**Referred to in paragraph 5(ii) (f) to The Independent Auditor’s Report of Even Date  
on the Standalone Financial Statements of Lincoln Pharmaceuticals Limited**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **Lincoln Pharmaceuticals Limited** as of **31st March 2017**, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 its business, including adherence to 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 Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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 system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting 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 control over financial reporting includes those policies and procedures that (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, 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 issued by the Institute of Chartered Accountants of India.

**For, J. T. Shah & Co.**  
Chartered Accountants,  
[Firm Regd. No. - 109616W]

Place : Ahmedabad  
Date : 30-05-2017

**(J. T. Shah)**  
Partner  
[M. No. 3983]



**LINCOLN**

## BALANCE SHEET AS AT MARCH 31, 2017

| Particulars                                | Note No. | As at 31-03-2017<br>₹ | As at 31-03-2016<br>₹ |
|--|----------|-----------------------|-----------------------|
| <b>I. EQUITY AND LIABILITIES</b>           |          |                       |                       |
| <b>1 Shareholders' funds</b>               |          |                       |                       |
| (a) Share Capital                          | 2        | 200,000,000           | 163,108,000           |
| (b) Reserves and Surplus                   | 3        | 1,666,641,355         | 1,148,183,351         |
| (c) Money Received Against Share Warrants  | 2(f)     | Nil                   | 75,628,600            |
| <b>2 Non-current liabilities</b>           |          |                       |                       |
| (a) Long-Term Borrowings                   | 4        | 71,109,104            | 86,468,110            |
| (b) Deferred Tax Liabilities (Net)         | 5        | 67,952,440            | 50,475,008            |
| (c) Other Long Term Liabilities            | 6        | 34,618,914            | 31,612,308            |
| <b>3 Current liabilities</b>               |          |                       |                       |
| (a) Short-Term Borrowings                  | 7        | 450,023,580           | 500,628,059           |
| (b) Trade Payables                         | 25(l)    |                       |                       |
| Due to Micro & Small Enterprise            |          | Nil                   | Nil                   |
| Due to Other than Micro & Small Enterprise |          | 191,112,305           | 205,744,350           |
| (c) Other Current Liabilities              | 8        | 119,669,180           | 135,543,022           |
| (d) Short-Term Provisions                  | 9        | Nil                   | 21,680,971            |
| <b>TOTAL</b>                               |          | <b>2,801,126,877</b>  | <b>2,419,071,780</b>  |
| <b>II. ASSETS</b>                          |          |                       |                       |
| <b>1 Non-Current Assets</b>                |          |                       |                       |
| (a) (I) Property, Plant & Equipments       | 10       | 680,588,365           | 629,090,764           |
| (II) Intangible Assets                     | 10       | 3,748,507             | 2,556,665             |
| (III) Capital Work-In-Progress             | 10       | 66,308,715            | 27,291,103            |
| (b) Non-Current Investments                | 11       | 199,770,187           | 199,770,187           |
| (c) Long-Term Loans and Advances           | 12       | 291,305,461           | 216,623,410           |
| <b>2 Current assets</b>                    |          |                       |                       |
| (a) Inventories                            | 13       | 318,716,973           | 246,679,087           |
| (b) Current investments                    | 14       | 102,000,000           | Nil                   |
| (c) Trade Receivables                      | 15       | 797,113,013           | 751,554,526           |
| (d) Cash and Bank Balances                 |          |                       |                       |
| Cash and Cash Equivalents                  | 16 (a)   | 28,374,338            | 31,569,745            |
| Other Bank Balances                        | 16 (b)   | 24,539,296            | 21,616,439            |
| (e) Short-Term Loans and Advances          | 17       | 288,662,022           | 292,319,853           |
| <b>TOTAL</b>                               |          | <b>2,801,126,877</b>  | <b>2,419,071,780</b>  |
| Significant Accounting Policies            | 1        |                       |                       |
| Notes on Financial Statements              | 2 to 26  |                       |                       |

As per our report of even date  
**For J.T. Shah & Co.**  
Chartered Accountants  
(Firm Regd. No. 109616W)

**(J.T.SHAH)**

Partner  
(M.No.3983)

Date : 30-05-2017

Place : Ahmedabad

**Bhavik P. Parikh**  
(Company Secretary)

For and on behalf of the Board of Directors of  
**Lincoln Pharmaceuticals Limited**

**M.G. Patel** (Managing Director) (DIN : 00104706)

**R.G. Patel** (Jt. Managing Director) (DIN : 00104786)

**H.I. Patel** (Whole Time Director) (DIN : 00104834)

Date : 30-05-2017

Place : Ahmedabad

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON MARCH 31, 2017**

| Particulars  | Refer<br>Note<br>No. | For the year<br>ended on<br>31-03-2017<br>₹ | For the year<br>ended on<br>31-03-2016<br>₹ |
|--|----------------------|---|---|
| Revenue from Operations  | 18                   | 3,084,416,778                               | 3,161,431,740                               |
| Less : Excise Duty   |                      | 37,774,712                                  | 53,319,933                                  |
| Net Revenue from Operations                                      |                      | 3,046,642,066                               | 3,108,111,807                               |
| Other Income   | 19                   | 12,707,390                                  | 62,907,109                                  |
| <b>Total Revenue</b>   |                      | <b>3,059,349,457</b>                        | <b>3,171,018,916</b>                        |
| Cost of Materials Consumed                                       | 20                   | 564,260,413                                 | 557,837,627                                 |
| Purchases of Stock-In-Trade                                      | 21                   | 1,219,925,101                               | 1,522,586,979                               |
| Changes in Inventories Of Finished goods, WIP and Stock-In-Trade | 22                   | (61,596,597)                                | (43,889,720)                                |
| Employee Benefits Expense  | 23                   | 351,126,117                                 | 267,321,252                                 |
| Finance Costs  | 24                   | 54,127,212                                  | 55,373,211                                  |
| Depreciation and Amortization Expense                            | 10                   | 38,732,654                                  | 32,144,286                                  |
| Other Expenses   | 25                   | 550,606,122                                 | 479,073,739                                 |
| <b>Total Expenses</b>  |                      | <b>2,717,181,022</b>                        | <b>2,870,447,373</b>                        |
| <b>Profit before tax</b>   |                      | <b>342,168,435</b>                          | <b>300,571,543</b>                          |
| <b>Tax Expense:</b>  |                      |   |   |
| Current Tax  |                      | 71,855,400                                  | 63,122,304                                  |
| Deferred Tax   |                      | 17,477,432                                  | 19,987,665                                  |
| <b>Total Tax Expense</b>   |                      | <b>89,332,832</b>                           | <b>83,109,969</b>                           |
| <b>Profit /(Loss) for the period</b>                             |                      | <b>252,835,603</b>                          | <b>217,461,574</b>                          |
| <b>Earnings per equity share:</b>                                | <b>26(g)</b>         |   |   |
| Basic earnings per share of Rs.10 each                           |                      | 14.14                                       | 13.33                                       |
| Diluted earnings per share of Rs.10 each                         |                      | 14.14                                       | 13.01                                       |
| Significant Accounting Policies                                  | 1                    |   |   |
| Notes on Financial Statements                                    | 2 to 26              |   |   |

As per our report of even date  
**For J.T. Shah & Co.**  
Chartered Accountants  
(Firm Regd. No. 109616W)

**(J.T.SHAH)**  
Parther  
(M.No.3983)  
Date : 30-05-2017  
Place : Ahmedabad

**Bhavik P. Parikh**  
(Company Secretary)

For and on behalf of the Board of Directors of  
**Lincoln Pharmaceuticals Limited**

**M.G. Patel** (Managing Director) (DIN : 00104706)

**R.G. Patel** (Jt. Managing Director) (DIN : 00104786)

**H.I. Patel** (Whole Time Director) (DIN : 00104834)

Date : 30-05-2017  
Place : Ahmedabad



**LINCOLN**

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

|  | 31-03-2017            | 31-03-2016            |
|--|-----------------------|-----------------------|
| <b>A Cash from Operating Activity</b>                                |                       |                       |
| Profit Before Tax from Continuing Operation                          | 34,21,68,435          | 30,05,71,543          |
|  | 34,21,68,435          | 30,05,71,543          |
| Non Cash Adjustment to reconcile profit before tax to net cash flows |                       |                       |
| Depreciation   | 3,87,32,654           | 3,21,44,286           |
| Bad Debts Written Off  | 76,80,594             | 2,22,15,976           |
| (Profit)/Loss on sale of fixed assets (net)                          | 59,277                | 37,60,945             |
| Interest Received  | (92,27,878)           | (3,09,07,931)         |
|  | <b>3,72,44,648</b>    | <b>2,72,13,276</b>    |
| Dividend Income  | (2,064)               | (2,064)               |
| Interest and Finance Charges   | 5,41,27,212           | 5,53,73,211           |
|  | <b>5,41,25,148</b>    | <b>5,53,71,147</b>    |
| <b>Adjustment for Movements in Working Capital:</b>                  |                       |                       |
| Increase/(decrease) in trade Payable                                 | (1,99,32,046)         | 7,81,14,201           |
| Increase/(decrease) in long-term Provisions                          | Nil                   | Nil                   |
| Increase/(decrease) in short-term Provision                          | Nil                   | Nil                   |
| Increase/(decrease) in other current liability                       | (2,13,99,712)         | 2,78,39,565           |
| Increase/(decrease) in other long-term liability                     | 30,06,605             | 13,82,468             |
| Decrease/(increase) in trade receivable                              | (6,94,87,124)         | 6,55,84,777           |
| Decrease/(increase) in inventories                                   | (7,20,37,886)         | (5,38,31,289)         |
| Decrease/(increase) in long term loans and advances                  | (3,35,39,376)         | (8,63,93,560)         |
| Decrease/(increase) in short term loans and advances                 | 1,83,27,332           | (6,19,57,181)         |
|  | <b>(19,50,62,207)</b> | <b>(2,92,61,019)</b>  |
| CASH GENERATED FROM OPERATIONS                                       | 23,84,76,024          | 35,38,94,948          |
| Direct Taxes paid  | (8,86,34,741)         | (6,45,73,471)         |
|  | <b>(8,86,34,741)</b>  | <b>(6,45,73,471)</b>  |
| <b>NET CASH FLOW FROM OPERATIONS</b>                                 | <b>14,98,41,283</b>   | <b>28,93,21,477</b>   |
| <b>B Cash flow from investing activities</b>                         |                       |                       |
| Purchase of Fixed Assets (Incl. WIP)                                 | (16,60,94,173)        | (33,42,45,616)        |
| Sale of Fixed Assets   | 1,70,000              | 7,31,000              |
| Investment/(Withdwal) in Fixed deposit                               | (14,49,413)           | Nil                   |
| Investment in Shaes of subsidiary Company                            | Nil                   | (7,34,02,757)         |
| Investment in Mutual Funds   | (10,20,00,000)        | Nil                   |
| Investment received back from Fixed deposit                          | Nil                   | 51,67,410             |
| Interest Received  | 2,92,85,548           | 25,37,109             |
| Dividend Income  | 2,064                 | 2,064                 |
| <b>NET CASH USED IN INVESTING ACTIVITY</b>                           | <b>(24,00,85,974)</b> | <b>(39,92,10,790)</b> |

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

|   | 31-03-2017         | 31-03-2016          |
|---|--------------------|---------------------|
| <b>C Cash flow from financing activities</b>                |                    |                     |
| Long Term Borrowing Taken during the year                   | Nil                | 8,46,15,385         |
| Long Term Borrowing Paid during the year                    | (1,70,18,690)      | (24,98,141)         |
| Short Term Borrowing Paid During the year                   | (5,06,04,479)      | Nil                 |
| Short Term Borrowing Received During the year               | Nil                | 2,41,37,713         |
| Money received against share warrants                       | 22,68,85,800       | 7,56,28,600         |
| Interest paid   | (5,26,42,212)      | (5,53,73,211)       |
| Dividend paid on Equity Shares (Incl. Dividend Tax)         | (1,95,71,136)      | (1,97,23,808)       |
| <b>NET CASH USED IN FINANCING ACTIVITY</b>                  | <b>8,70,49,283</b> | <b>10,67,86,538</b> |
| <b>Net Increase/(Decrease) in cash and cash equivalents</b> | <b>(31,95,408)</b> | <b>(31,02,775)</b>  |
| Cash and cash equivalent Opening Balance                    | 3,15,69,745        | 3,46,72,520         |
| Cash and cash equivalent Closing Balance                    | 2,83,74,338        | 3,15,69,745         |
| <b>Net Increase/(Decrease) in cash and cash equivalents</b> | <b>(31,95,408)</b> | <b>(31,02,775)</b>  |

## Notes:

- => The above Cash Flow Statement has been prepared under the Indirect Method set out in Accounting Standard 3 issued by Companies (Accounting Standard) Rules, 2008.
- => Cash and Cash equivalent includes ₹ NIL (P.Y. ₹Nil/-) towards Unclaimed dividend which have been kept in separate earmarked accounts and no transactions except for the stated purpose are done through such account.

As per our report of even date  
**For J.T. Shah & Co.**  
Chartered Accountants  
(Firm Regd. No. 109616W)

**(J.T.SHAH)**  
Parther  
(M.No.3983)  
Date : 30-05-2017  
Place : Ahmedabad

**Bhavik P. Parikh**  
(Company Secretary)

For and on behalf of the Board of Directors of  
**Lincoln Pharmaceuticals Limited**

**M.G. Patel** (Managing Director) (DIN : 00104706)

**R.G. Patel** (Jt. Managing Director) (DIN : 00104786)

**H.I. Patel** (Whole Time Director) (DIN : 00104834)

Date : 30-05-2017  
Place : Ahmedabad

## 1. Statement of significant accounting policies

### i) Corporate Information

The Lincoln Pharmaceuticals Limited ('the Company') is a listed company, incorporated under the provisions of the Companies Act 1956, having its registered office in the State of Gujarat, India. The shares of the company are listed on BSE and NSE. The Company is engaged in the business of manufacturing and trading of pharmaceutical products. The company has one subsidiary company, Lincoln Parenteral Limited, partially owned subsidiary company engaged in the business of pharmaceutical products.

### ii) Basis of Preparation:

These financial statements are prepared on accrual basis of accounting, following historical cost convention, in accordance with the provisions of the Companies Act, 2013 ('the Act'), accounting principles generally accepted in India and comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

### iii) Presentation and disclosure of financial statements

The accounts are presented in accordance with the revised Schedule III notified under the Act.

### iv) Use of estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

### v) Property, Plant & Equipment

Property, Plant & Equipment is stated at historical cost less accumulated depreciation. Cost comprises purchase price, duties, levies and other directly attributable expenses of bringing the asset to its working condition for the intended use. Borrowing costs directly attributable to acquisition or construction of those Property, Plant & Equipment, which necessarily take a substantial period of time to get ready for their intended use, are capitalized. Advances paid towards acquisition of Property, Plant & Equipment and the cost of assets acquired but not ready for use as at the balance sheet date are disclosed under capital work-in-progress.

Depreciation on Property, Plant & Equipment is provided on straight line method at the rates derived based on the life specified under Schedule II to the Companies Act, 2013. In respect of Property, Plant & Equipment purchased during the period, depreciation is provided on a pro-rata basis from the date on which such asset is ready to be put to use.

Individual assets costing less than ₹ 5,000 are fully depreciated in the year of capitalization.

### vi) Intangible Assets

Intangible assets are stated at historical cost less accumulated amortisation. Cost comprises purchase price, duties, levies and other directly attributable expenses of bringing the assets to its working condition for the intended use.

Intangible assets are amortised on a straight – line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management.

When assets are retired from active use, the same are valued at lower of Net Book Value and Net realisable Value.

The gain or loss arising on the disposal of an intangible asset is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised as income or expenses in the Statement of Profit and Loss in the year or disposal.

When assets are disposed or retired, their cost is removed from the financial statements. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss for the relevant financial year.

### vii) Leases

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the Statement of Profit and Loss. Lease management fees, legal charges and other initial direct costs of lease



are capitalised. The company has entered into finance lease agreements for computer Equipments & Software, vehicle hire etc. Amounts paid Nil (P.Y. ₹ 89,923/-) during the year under such agreements have been expenses in the statement of profit and loss.

A leased asset is depreciated on straight-line basis over the useful life of the asset or the useful life prescribed in Schedule II to the Act, whichever is shorter. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the leased asset is depreciated on straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life prescribed in Schedule II to the Act.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term. These agreements are cancellable by giving a short notice by either of the parties to the agreement. There are no subleases. There are no restrictions imposed by lease agreement/arrangements.

**viii) Impairment:**

In accordance with accounting standard 28 on 'Impairment of assets', the Company assesses at each balance sheet date whether there is an indication that assets of the Company may be impaired. Where any such indication exists the company estimates the recoverable amount of the assets. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated at the higher of its net selling price and its value in use. An impairment charge is recognised whenever the carrying amount of the asset or cash-generating unit exceeds its recoverable amount.

**ix) Inventories:**

**Raw Materials, Containers, Stores and Spares**

Raw materials, packing materials, stores, spares and consumables are valued at lower of cost (net of refundable taxes and duties) and net realizable value. The cost of these items of inventory are determined on FIFO basis and comprises of cost of purchase and other incidental costs incurred to bring the inventories to their present location and condition.

**Finished Goods and Work-in-process**

Work in progress and finished goods are valued at lower of cost and net realizable value. The cost of Work-in-process of inventory is determined on weighted average basis. The cost of work in process and finished goods includes cost of conversion and other costs incurred to bring the inventories to their present location and condition.

**Stock In Trade**

Stock In Trade is valued at lower of cost and net realizable value. Cost is determined on FIFO basis. Excise Duty in respect of finished goods lying in factory premises are provided for and included in valuation of inventory in case of non Export Items.

**x) Employee benefits**

Short-term employee benefits are recognized as an expense in the statement of profit and loss of the year in which the related service is rendered. Cost of post employment benefits relating to Defined Contribution Plans such as contribution to Provident Fund employee pension fund etc are recognized as an expense in the profit and loss account of the year in which the related service is rendered. The Company has Defined Benefit Plan for post employment benefits in the form of Gratuity for all employees administered through trust, funded with Life Insurance Corporation of India. Liability for the this Defined Benefit Plans is provided on the basis of actuarial valuation, as at the balance sheet date, carried out by independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit Method. The actuarial gains and losses arising during the year are recognized in the Profit & Loss Account for the year

**xi) Research and Development Costs**

Research and development costs incurred for development of products are charged to revenue as incurred, except for development costs relating to the design and testing of new or improved materials, products or processes which are recognized as intangible assets to the extent that it is expected that such assets will generate future economic benefits. Research and development expenditure of capital nature is added to fixed assets.

**xii) Revenue Recognition:**

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer. Sales are stated net of excise duty, sales tax and trade discounts.

Interest on deployment of surplus funds is recognized using the time-proportion method, based on interest rates implicit in the transaction based on reasonable certainty of receipt.

Interest on advances is recognized when the ultimate collection is not uncertain.

Dividend income is recognized when the right to receive dividend is established.

#### **xiii) Taxation**

Income tax expense comprises current tax expense and deferred tax expense/credit.

##### **Current tax**

Provision for current tax is calculated in accordance with the provisions of the Income-Tax Act, 1961 and is made annually based on the tax liability computed after considering tax allowances and exemptions. Assets and liabilities representing current tax are disclosed on a net basis when there is a legally enforceable right to set off and where the management intends to settle the asset and liability on a net basis.

##### **Deferred tax**

Deferred tax liability or asset is recognised for timing differences between the profits/losses offered for income taxes and profits/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is a reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

#### **xiv) Investment**

Current investments are carried at the lower of cost and fair value computed category wise. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made, only if, in the opinion of the management, such a decline is regarded as being other than temporary.

#### **xv) Earnings per share ('EPS')**

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti dilutive. The number of equity shares is adjusted for any share splits and bonus shares issued effected prior to the approval of the financial statements by the Board of Directors.

#### **xvi) Contingencies and provisions**

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

#### **xvii) Foreign currency transactions**

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. The difference between the actual rate of settlement and the rate on the date of the transaction is charged or credited to profit and loss account. In respect of monetary current assets and liabilities denominated in foreign currencies the overall net gain or loss, if any, on conversion at the exchange rates prevailing on the date of the balance sheet is charged to revenue.

#### **xviii) Segment Reporting**

The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the geographical location of the customers.

#### **xix) Cash Flow Statement**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statement and presents the cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the cash flow statement consist of cash on hand and short-term investments with an original maturity of three months or less.

## 2 Share Capital

### a. Details of Share Capital

| Share Capital                         | As at 31-03-2017   |                     | As at 31-03-2016   |                     |
|---------------------------------------|--------------------|---------------------|--------------------|---------------------|
|                                       | Number             | ₹                   | Number             | ₹                   |
| Authorized                            |                    |                     |                    |                     |
| Equity Shares                         |                    |                     |                    |                     |
| Equity Share of ₹. 10 (PY ₹. 10) Each | 2,00,00,000        | 20,00,00,000        | 2,00,00,000        | 20,00,00,000        |
|                                       | 2,00,00,000        | 20,00,00,000        | 2,00,00,000        | 20,00,00,000        |
| Issued, Subscribed & Paid up          |                    |                     |                    |                     |
| Equity Shares                         |                    |                     |                    |                     |
| Equity Share of ₹. 10 (PY ₹. 10) Each | 2,00,00,000        | 20,00,00,000        | 1,63,10,800        | 16,31,08,000        |
|                                       | 2,00,00,000        | 20,00,00,000        | 1,63,10,800        | 16,31,08,000        |
| <b>Total</b>                          | <b>2,00,00,000</b> | <b>20,00,00,000</b> | <b>1,63,10,800</b> | <b>16,31,08,000</b> |

### b. Statement of Reconciliation of number of share at the beginning and at the end of the financial year.

#### Equity Share Capital

| Particulars                                      | As at 31-03-2017   |                     | As at 31-03-2016   |                     |
|--|--------------------|---------------------|--------------------|---------------------|
|  | Number             | ₹                   | Number             | ₹                   |
| Shares outstanding at the beginning of the year  | 1,63,10,800        | 16,31,08,000        | 1,63,10,800        | 16,31,08,000        |
| Addition in Number of Equity Shares of Rs. 10    | 36,89,200          | 3,68,92,000         | Nil                | Nil                 |
| Deduction in Number of Equity Shares of Rs. 10   | Nil                | Nil                 | Nil                | Nil                 |
| <b>Shares outstanding at the end of the year</b> | <b>2,00,00,000</b> | <b>20,00,00,000</b> | <b>1,63,10,800</b> | <b>16,31,08,000</b> |

### c. Share holding details of the company As at 31-03-2017 and 31-03-2016, name of persons holding more than 5% shares.

| Name of Shareholder/Company                 | No. of Shares held |                  |
|---|--------------------|------------------|
|   | As at 31-03-2017   | As at 31-03-2016 |
| Names of person holding more than 5% shares |                    |                  |
| Digital Biotech Pvt. Ltd.                   | 14,00,000          | 13,80,000        |
| <b>Total</b>                                | <b>14,00,000</b>   | <b>13,80,000</b> |

- d. The company has only one type of equity share of ₹ 10 each listed on BSE & NSE. Each of the share holders has right give one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Director is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.
- e. The company has not issued any shares in pursuant to a contract without receiving the payment in cash during the last five years. The company has also not issued any bonus share during last five years.
- f. During the year under review, Company has allotted 36,89,200 Equity Shares pursuant to Conversion of Warrants of Face Value of ₹ 10/- per share each at price of ₹ 82/- per share (including premium of ₹ 72/- per share) on October 27, 2016

**3 Reserves & Surplus**

| <b>Reserves &amp; Surplus</b>                    | <b>As at<br/>31-03-2017<br/>₹</b> | <b>As at<br/>31-03-2016<br/>₹</b> |
|--|-----------------------------------|-----------------------------------|
| <b>Capital Reserves</b>                          |                                   |                                   |
| Opening Balance                                  | 35,00,000                         | 35,00,000                         |
| Closing Balance                                  | 35,00,000                         | 35,00,000                         |
| <b>General Reserve</b>                           |                                   |                                   |
| Opening Balance                                  | 5,91,21,600                       | 5,41,21,600                       |
| (+) Transfer from Statement of Profit & Loss     | 50,00,000                         | 50,00,000                         |
| Closing Balance                                  | 6,41,21,600                       | 5,91,21,600                       |
| <b>Securities Premium Account</b>                |                                   |                                   |
| Opening Balance                                  | 38,05,44,000                      | 38,05,44,000                      |
| (+) Security premium received during the year    | 26,56,22,400                      | Nil                               |
| Closing Balance                                  | 64,61,66,400                      | 38,05,44,000                      |
| <b>Surplus in Statement of Profit &amp; Loss</b> |                                   |                                   |
| Opening balance                                  | 70,50,17,751                      | 51,21,87,529                      |
| (+) Net Profit/(Net Loss) For the current year   | 25,28,35,603                      | 21,74,61,574                      |
| (-) Proposed Dividends                           | Nil                               | 1,63,10,800                       |
| (-) Dividend Tax                                 | Nil                               | 33,20,552                         |
| (-) Transfer to General Reserves                 | 50,00,000                         | 50,00,000                         |
| Closing Balance                                  | 95,28,53,355                      | 70,50,17,751                      |
| <b>Total</b>                                     | <b>1,66,66,41,355</b>             | <b>1,14,81,83,351</b>             |

**4 Long Term Borrowings**
**a Secured Long term Borrowings**

| <b>Long Term Borrowings</b>         | <b>As at<br/>31-03-2017<br/>₹</b> | <b>As at<br/>31-03-2016<br/>₹</b> |
|-------------------------------------|-----------------------------------|-----------------------------------|
| Term Loans From Bank                | 6,92,30,770                       | 8,46,15,385                       |
| <b>Total</b>                        | <b>6,92,30,770</b>                | <b>8,46,15,385</b>                |
| Vehicle Loan                        | 18,78,334                         | 18,52,725                         |
| <b>Secured Long Term Borrowings</b> | <b>7,11,09,104</b>                | <b>8,64,68,110</b>                |

- b The company has availed the secured term loan from Yes Bank for windmill which is secured against exclusive hypothecation charge on windmill & personal gurranty of Three Promoter directors. The loan is payable in 84 monthly instalment. Interest on said loan shall be payable at Yes Bank Limited Base Rate + 0.15% from time to time.
- c Vehicle Loan includes loans from bank and finance companies. The Repayment period of these loans ranges from 12 to 36 months & Rate of interest ranging from 10% To 11%. These loans are secured against the asset under finance.

**5 Deferred Tax Liability**
**a Details of the deferred tax liability**

| Particulars   | As at<br>31-03-2017<br>₹ | As at<br>31-03-2016<br>₹ |
|---|--------------------------|--------------------------|
| <b>Deferred tax liability</b>   |                          |                          |
| On Account of Difference of Depreciation as per Income Tax Provisions & Company Act   | 6,90,85,213              | 5,12,93,870              |
| <b>Total DTL</b>  | <b>6,90,85,213</b>       | <b>5,12,93,870</b>       |
| <b>Deferred tax asset</b>   |                          |                          |
| Allowance under Income Tax Act, 1961 in succeeding years<br>(Amount Allowable under Provisions of the Income Tax Act, 1961 in subsequent years) | 11,32,773                | 8,18,862                 |
| <b>Total DTA</b>  | <b>11,32,773</b>         | <b>8,18,862</b>          |
| <b>Net Deferred Tax Liability</b>   | <b>6,79,52,440</b>       | <b>5,04,75,008</b>       |

**b** Policy relating to accounting of deferred tax liability is disclosed at Point No. Xiii to significant accounting policy.

**6 Other Long Term Liabilities**

| Other Long term liabilities   | As at<br>31-03-2017<br>₹ | As at<br>31-03-2016<br>₹ |
|-------------------------------|--------------------------|--------------------------|
| Trade Deposits From Customers | 3,46,18,914              | 3,16,12,308              |
| <b>Total</b>                  | <b>3,46,18,914</b>       | <b>3,16,12,308</b>       |

**7 Short Term Borrowing**

| Short Term Borrowings                    | As at<br>31-03-2017<br>₹ | As at<br>31-03-2016<br>₹ |
|--|--------------------------|--------------------------|
| <b>a Secured Short term Borrowings</b>   |                          |                          |
| Loans repayable on demand                |                          |                          |
| From Bank                                | 37,10,11,010             | 41,08,88,866             |
| <b>Sub Total</b>                         | <b>37,10,11,010</b>      | <b>41,08,88,866</b>      |
| <b>b Unsecured Short term Borrowings</b> |                          |                          |
| Loans repayable on demand                |                          |                          |
| From Bank                                | 6,75,27,570              | 7,97,39,194              |
| From Related Party                       | 1,14,85,000              | 1,00,00,000              |
| <b>Sub Total</b>                         | <b>7,90,12,570</b>       | <b>8,97,39,194</b>       |
| <b>Grand Total</b>                       | <b>45,00,23,580</b>      | <b>50,06,28,059</b>      |

**c Secured demand loans form Bank includes working capital loan from State Bank of India. This loan is secured against :**

**i) Primary Security :**

Hypothecation of entire current assets of the company

**ii) Collateral Security :**

Charge over entire fixed assets of the company including

1. Plot No. 137 of TP Scheme No, 42 land admeasuring area about 850 sq. mtrs and Final Plot No. 138 of TP Scheme No. 42 land admeasuring area about 1397 sq. mtrs. Both situated at Mouje Sola, Taluka Daschroi in registration disctrict Ahmedabad and sub district Ahmedabad-2(Wadaj).
2. Piece & Parcel of freehold land situated lying and being at Mouje Khatraj, Taluka Kalol, District Mehsana bearing subplots No. 9/A/1, 9/A/2, 10, 12/A, 12/B & 13 of Block No. 95 of Mouje Khatraj of Kalol taluka admeasuing 1692.94 Sq. mtrs, 3590.30 Sq. mtrs respectively i.e. collectively 12124.84 Sq. mtrs together with building thereon belonging to M/s Lincoln Pharmaceuticals Ltd. and
3. Hypothecation of fixed assets of the company excluding windmill

**iii) Personal Guarantees of all three promoter directors.**

**8 Other Current Liability**

| Other Current Liabilities            | As at<br>31-03-2017<br>₹ | As at<br>31-03-2016<br>₹ |
|--------------------------------------|--------------------------|--------------------------|
| Current maturities of long-term debt | 1,77,97,798              | 1,79,72,482              |
| Unpaid dividends                     | 10,45,657                | 9,85,441                 |
| Other payables                       |                          |                          |
| Creditors for Expense                | 5,63,85,180              | 7,85,23,069              |
| Statutory Liabilities                | 1,01,11,163              | 93,72,986                |
| Other Current Liability              | 2,82,01,660              | 2,82,01,660              |
| Creditor for Capital Goods           | 61,27,722                | 4,87,384                 |
| <b>Total</b>                         | <b>11,96,69,180</b>      | <b>13,55,43,022</b>      |

**9 Short Term Provisions**

| Short Term Provisions              | As at<br>31-03-2017<br>₹ | As at<br>31-03-2016<br>₹ |
|------------------------------------|--------------------------|--------------------------|
| Income Tax Provision               | Nil                      | 20,49,619                |
| Proposed Dividend and Dividend Tax | Nil                      | 1,96,31,352              |
| <b>Total</b>                       | <b>Nil</b>               | <b>2,16,80,971</b>       |

**10 Details of Property, Plant & Equipments, Intangible Assets & Capital Work in Progress**

| Sr. | Particulars                 | Gross Block         |              |                                  | Accumulated Depreciation |                     |  | Net Block                        |                     |                     |                     |
|-----|-----------------------------|---------------------|--------------|----------------------------------|--------------------------|---------------------|--|----------------------------------|---------------------|---------------------|---------------------|
|     |                             | As at<br>01-04-2016 | Additions    | Adjustment<br>during the<br>year | As at<br>31-03-2017      | As at<br>01-04-2016 | Depreciation<br>charge for<br>the year | Adjustment<br>during the<br>year | As at<br>31-03-2017 | As at<br>31-03-2017 | As at<br>31-03-2016 |
|     |                             | ₹                   | ₹            | ₹                                | ₹                        | ₹                   | ₹                                      | ₹                                | ₹                   | ₹                   | ₹                   |
| a   | Proprty, Plant & Equipments |                     |              |                                  |                          |                     |  |                                  |                     |                     |                     |
|     | Land                        | 11,36,13,836        | 14,60,750    | Nil                              | 11,50,74,586             | Nil                 | Nil                                    | Nil                              | 11,50,74,586        | 11,36,13,836        |                     |
|     | Leased Hold Land            | 40,95,000           | Nil          | Nil                              | 40,95,000                | 2,61,000            | 2,16,000                               | Nil                              | 4,77,000            | 36,18,000           | 38,34,000           |
|     | Buildings                   | 17,95,68,471        | 41,98,309    | Nil                              | 18,37,66,780             | 3,36,30,540         | 53,92,477                              | Nil                              | 3,90,23,017         | 14,47,43,763        | 14,59,37,931        |
|     | Plant and Equipment         | 37,35,76,945        | 6,85,74,984  | Nil                              | 44,21,51,930             | 4,97,77,398         | 2,31,11,432                            | Nil                              | 7,28,88,830         | 36,92,63,100        | 32,37,99,547        |
|     | Furniture and Fixtures      | 2,56,27,760         | 35,21,603    | Nil                              | 2,91,49,363              | 1,28,66,058         | 22,77,822                              | Nil                              | 1,51,43,880         | 1,40,05,483         | 1,27,61,702         |
|     | Vehicles                    | 3,46,10,241         | 82,27,804    | 8,67,865                         | 4,19,70,180              | 1,51,16,748         | 35,63,931                              | 6,38,588                         | 1,80,42,091         | 2,39,28,089         | 1,94,93,493         |
|     | Office equipment            | 76,19,359           | 5,74,841     | Nil                              | 81,94,199                | 66,83,745           | 2,35,602                               | Nil                              | 69,19,347           | 12,74,852           | 9,35,614            |
|     | Electrical Installation     | 1,20,02,622         | 4,11,451     | Nil                              | 1,24,14,072              | 73,20,419           | 5,87,557                               | Nil                              | 79,07,976           | 45,06,097           | 46,82,203           |
|     | Computers                   | 2,61,03,088         | 22,40,116    | Nil                              | 2,83,43,204              | 2,20,70,649         | 20,98,160                              | Nil                              | 2,41,68,809         | 41,74,395           | 40,32,439           |
|     | Total                       | 77,68,17,322        | 8,92,09,859  | 8,67,865                         | 86,51,59,315             | 14,77,26,557        | 3,74,82,981                            | 6,38,588                         | 18,45,70,950        | 68,05,88,365        | 62,90,90,765        |
|     | Previous Year               | 48,91,20,121        | 33,42,66,100 | 4,65,68,899                      | 77,68,17,322             | 16,08,22,852        | 2,89,20,659                            | 4,20,76,954                      | 14,77,26,557        | 62,90,90,765        | 32,82,37,274        |
| b   | Intangible Assets           |                     |              |                                  |                          |                     |  |                                  |                     |                     |                     |
|     | Computer software           | 2,10,97,690         | 24,41,515    | Nil                              | 2,35,39,205              | 1,86,81,025         | 12,09,673                              | Nil                              | 1,98,90,698         | 36,48,507           | 24,16,665           |
|     | Patents                     | 2,00,000            | Nil          | Nil                              | 2,00,000                 | 60,000              | 40,000                                 | Nil                              | 1,00,000            | 1,00,000            | 1,40,000            |
|     | Total                       | 2,12,97,690         | 24,41,515    | Nil                              | 2,37,39,205              | 1,87,41,025         | 12,49,673                              | Nil                              | 1,99,90,698         | 37,48,507           | 25,56,665           |
|     | Previous Year               | 2,03,31,370         | 9,66,320     | Nil                              | 2,12,97,690              | 1,55,17,398         | 32,23,627                              | Nil                              | 1,87,41,025         | 25,56,665           | 48,13,972           |
|     | Total                       | 79,81,15,012        | 9,16,51,374  | 8,67,865                         | 88,88,98,520             | 16,64,67,582        | 3,87,32,654                            | 6,38,588                         | 20,45,61,648        | 68,43,36,872        | 63,16,47,430        |
| c   | Capital Work In Progress    | 2,72,91,103         | 4,27,25,835  | 37,08,223                        | 6,63,08,715              | Nil                 | Nil                                    | Nil                              | Nil                 | 6,63,08,715         | 2,72,91,103         |
|     | Total                       | 2,72,91,103         | 4,27,25,835  | 37,08,223                        | 6,63,08,715              | Nil                 | Nil                                    | Nil                              | Nil                 | 6,63,08,715         | 2,72,91,103         |
|     | Previous Year               | 2,54,63,135         | 7,56,72,366  | 7,38,44,398                      | 2,72,91,103              | Nil                 | Nil                                    | Nil                              | Nil                 | 2,72,91,103         | 2,54,63,134         |
|     | Total                       | 82,54,06,115        | 13,43,77,208 | 45,76,088                        | 95,52,07,235             | 16,64,67,582        | 3,87,32,654                            | 6,38,588                         | 20,45,61,648        | 75,06,45,586        | 65,89,38,533        |
|     | Previous Year figures       | 53,49,14,626        | 41,09,04,786 | 12,04,13,297                     | 82,54,06,115             | 17,63,40,250        | 3,21,44,286                            | 4,20,76,954                      | 16,64,67,582        | 65,89,38,533        | 35,85,14,380        |

**NOTES**

- Pursuant to the Companies Act, 2013 ('the Act'), becoming effective from 1st April, 2014, the Company has reworked depreciation with reference to the estimated useful life of fixed assets prescribed under Schedule II to the Act.
- Policy relating to accounting of fixed assets & Depreciation is disclosed at Point No v & vi respectively to significant accounting policy.

**11 Non Current Investments**

| Particulars  | As at<br>31-03-2017<br>₹  | As at<br>31-03-2016<br>₹     |                |                   |                |                     |                     |  |  |
|--|---|------------------------------|----------------|-------------------|----------------|---------------------|---------------------|--|--|
| <b>a Summarized information of investments</b>   |   |                              |                |                   |                |                     |                     |  |  |
| <b>Other Investments</b>   |   |                              |                |                   |                |                     |                     |  |  |
| Investment in Equity Instruments of Other Companies  | 8,000   | 8,000                        |                |                   |                |                     |                     |  |  |
| Investments in Partnership Firms   | 5,00,000  | 5,00,000                     |                |                   |                |                     |                     |  |  |
| Investment in equity instruments of Subsidiary Companies   | 19,92,52,187  | 19,92,52,187                 |                |                   |                |                     |                     |  |  |
| Investments in Government securities   | 10,000  | 10,000                       |                |                   |                |                     |                     |  |  |
| <b>Total</b>   | <b>19,97,70,187</b>   | <b>19,97,70,187</b>          |                |                   |                |                     |                     |  |  |
| <b>b Summarized details of quoted and unquoted investments and market values in case of quoted investments</b> |   |                              |                |                   |                |                     |                     |  |  |
| Aggragate of Quoted Investment   | Nil   | Nil                          |                |                   |                |                     |                     |  |  |
| Aggragate of Unquoted Investment   | 19,97,70,187  | 19,97,70,187                 |                |                   |                |                     |                     |  |  |
| Market Value of Quoted Investment  | Nil   | Nil                          |                |                   |                |                     |                     |  |  |
| <b>c % of investment in subsidiary companies</b>   |   |                              |                |                   |                |                     |                     |  |  |
| Lincoln Parenteral Limited   | 98.58%  | 98.58%                       |                |                   |                |                     |                     |  |  |
| <b>d Investment in Partnership Firm</b>  |   |                              |                |                   |                |                     |                     |  |  |
| Zulinc Healthcare LLP (Inc. 3% held by representative of Lincoln Pharmaceuticals Ltd)                          | 100.00%   | 100.00%                      |                |                   |                |                     |                     |  |  |
| <b>e</b>   | Policy relating to accounting of investments is disclosed at Point no Xiv to the significant accounting policy. |                              |                |                   |                |                     |                     |  |  |
| <b>f Details of Other Investments</b>  |   |                              |                |                   |                |                     |                     |  |  |
| <b>Sr. No.</b>   | <b>Name of the Body Corporate</b>   | <b>No. of Shares / Units</b> |                | <b>Face Value</b> |                | <b>Amount (₹)</b>   |                     | <b>Whether stated at Cost Yes / No</b> | <b>If not valued at cost than Basis of Valuation</b> |
|  |   | <b>2016-17</b>               | <b>2015-16</b> | <b>2016-17</b>    | <b>2015-16</b> | <b>2016-17</b>      | <b>2015-16</b>      |  |  |
| a  | Investment in Equity Instruments  |                              |                |                   |                |                     |                     |  |  |
|  | Unquoted  |                              |                |                   |                |                     |                     |  |  |
|  | Navnirman Co operative Bank Limited   | 320                          | 320            | 25                | 25             | 8,000               | 8,000               | Yes                                    | NA   |
|  | <b>Total</b>  | <b>8,000</b>                 | <b>8,000</b>   |                   |                |                     |                     |  |  |
| b  | Investment in Subsidiary Companies  |                              |                |                   |                |                     |                     |  |  |
|  | Lincoln Parenteral Limited  | 98,58,450                    | 98,58,450      | 10                | 10             | 19,92,52,187        | 19,92,52,187        | Yes                                    | NA   |
|  | <b>Total</b>  |                              |                |                   |                | <b>19,92,52,187</b> | <b>19,92,52,187</b> |  |  |
|  | <b>Investment in Equity Instruments</b>   |                              |                |                   |                | <b>19,92,60,187</b> | <b>19,92,60,187</b> |  |  |
| c  | Investments in partnership firms  |                              |                |                   |                |                     |                     |  |  |
|  | Zullinc Healthcare LLP  |                              |                |                   |                | 5,00,000            | 5,00,000            | Yes                                    | NA   |
|  | Investments in partnership firms  |                              |                |                   | <b>Total</b>   | <b>5,00,000</b>     | <b>5,00,000</b>     |  |  |
| d  | Other Investments   |                              |                |                   |                |                     |                     |  |  |
|  | National Saving Certificate   |                              |                |                   |                | 10,000              | 10,000              | Yes                                    | NA   |
|  | <b>Other non-current investments</b>  |                              |                |                   |                | <b>10,000</b>       | <b>10,000</b>       |  |  |
|  | <b>Total</b>  |                              |                |                   |                | <b>19,97,70,187</b> | <b>19,97,70,187</b> |  |  |

**12 Long Term Loans and Advances**

(Unsecured, considered good otherwise Stated)

| Long Term Loans and Advances       | As at<br>31-03-2017<br>₹ | As at<br>31-03-2016<br>₹ |
|------------------------------------|--------------------------|--------------------------|
| Capital Advances                   | 4,54,66,531              | 44,01,000                |
| Security Deposits                  | 18,58,82,345             | 14,78,04,291             |
| Loans and Advance to Other Parties | 5,99,56,585              | 6,44,18,119              |
| <b>Total</b>                       | <b>29,13,05,461</b>      | <b>21,66,23,410</b>      |



**13 Inventories**

| <b>Inventories</b> | <b>As at<br/>31-03-2017<br/>₹</b> | <b>As at<br/>31-03-2016<br/>₹</b> |
|--------------------|-----------------------------------|-----------------------------------|
| Raw Material       | 5,51,38,204                       | 4,60,83,830                       |
| Packing Material   | 2,13,60,682                       | 1,99,73,767                       |
| Work In Progress   | 1,62,15,098                       | 2,43,87,363                       |
| Finished Goods     | 6,66,65,267                       | 5,81,43,892                       |
| Stock in Trade     | 15,93,37,722                      | 9,80,90,235                       |
| <b>Total</b>       | <b>31,87,16,973</b>               | <b>24,66,79,087</b>               |

Policy relating to accounting of inventory is disclosed at Point No. ix to significant accounting policy.

**14 Current Investments**
**Summarized information of investments**

| <b>Particulars</b>  | <b>As at<br/>31-03-2017<br/>₹</b> | <b>As at<br/>31-03-2016<br/>₹</b> |
|---|-----------------------------------|-----------------------------------|
| <b>Trade Investments</b>  |                                   |                                   |
| 3,947,201.381 (Previous year Nil) Units of SBI Savings Fund - Direct Plan - Growth option | 10,20,00,000                      | Nil                               |
| <b>Total</b>  | <b>10,20,00,000</b>               | <b>Nil</b>                        |
| <b>Aggregate amount of Mutual Funds</b>   | 10,20,00,000                      | Nil                               |
| <b>NAV of Mutual Funds</b>  | 10,24,51,191                      | Nil                               |

**15 Trade Receivable**
**a Details of Trade Receivable**

| <b>Trade Receivables</b>  | <b>As at<br/>31-03-2017<br/>₹</b> | <b>As at<br/>31-03-2016<br/>₹</b> |
|---|-----------------------------------|-----------------------------------|
| <b>Outstanding for a period exceeding six months from the date they are due</b>     |                                   |                                   |
| Secured, considered good  |                                   |                                   |
| Unsecured, considered good  | 17,21,42,053                      | 13,50,90,544                      |
|   | <b>17,21,42,053</b>               | <b>13,50,90,544</b>               |
| <b>Outstanding for a period not exceeding six months from the date they are due</b> |                                   |                                   |
| Unsecured, considered good  | 62,49,71,038                      | 61,64,63,982                      |
|   | <b>62,49,71,038</b>               | <b>61,64,63,982</b>               |
| <b>Total</b>  | <b>79,71,13,013</b>               | <b>75,15,54,526</b>               |

**16 Cash and Bank Balances**
**a Cash and Cash Equivalent**

| <b>Cash and Bank Balances</b> | <b>As at<br/>31-03-2017<br/>₹</b> | <b>As at<br/>31-03-2016<br/>₹</b> |
|-------------------------------|-----------------------------------|-----------------------------------|
| Balances with banks           | 2,70,74,950                       | 2,96,25,420                       |
| Cash on hand                  | 12,99,388                         | 19,44,325                         |
| <b>Total</b>                  | <b>2,83,74,338</b>                | <b>3,15,69,745</b>                |

**b Other Bank Balances**

| <b>Other Cash Balances</b>           | <b>As at<br/>31-03-2017<br/>₹</b> | <b>As at<br/>31-03-2016<br/>₹</b> |
|--------------------------------------|-----------------------------------|-----------------------------------|
| Margin Money                         | 2,34,93,640                       | 2,06,30,998                       |
| Bank Balances Earmarked for Dividend | 10,45,656                         | 9,85,441                          |
| <b>Total</b>                         | <b>2,45,39,296</b>                | <b>2,16,16,439</b>                |

The Other Bank Balance includes Rs. 10,45,656/- (PY Rs. 9,85,441/-) towards unclaimed dividend which have been kept in separate earmarked account and no transactions except for the stated purpose are done through such account.

**17 Short-Term Loans and Advances (Unsecured, considered good otherwise Stated)**

| <b>Short-term loans and advances</b> | <b>As at<br/>31-03-2017<br/>₹</b> | <b>As at<br/>31-03-2016<br/>₹</b> |
|--------------------------------------|-----------------------------------|-----------------------------------|
| Advances For Goods                   | 12,64,98,370                      | 12,18,43,492                      |
| Loans and advance to related party   | 99,50,000                         | 4,00,00,000                       |
| Loans and advance to other parties   | 2,24,54,517                       | 2,81,86,572                       |
| Advance Tax (Net of Provision)       | 1,47,29,716                       | Nil                               |
| Prepaid Expense                      | 6,45,434                          | 4,88,648                          |
| Balance With Government Authorities  | 11,43,83,985                      | 10,18,01,141                      |
| <b>Total</b>                         | <b>28,86,62,022</b>               | <b>29,23,19,853</b>               |

**18 Revenue From Operations**

| <b>a Particulars</b>               | <b>For the year<br/>ended on<br/>31-03-2017<br/>₹</b> | <b>For the year<br/>ended on<br/>31-03-2016<br/>₹</b> |
|------------------------------------|---|---|
| Sale of products (Inc Excise Duty) | 2,98,21,20,259  | 3,06,55,15,040  |
| Sale of Services                   | 27,21,360   | 16,58,184   |
| Export Incentive                   | 9,95,75,160   | 9,42,58,517   |
| <b>Total</b>                       | <b>3,08,44,16,778</b>                                 | <b>3,16,14,31,740</b>                                 |

b Policy relating to accounting of revenue is disclosed at Point No xii to the significant accounting policy.

**19 Other Income**

| <b>Particulars</b>                          | <b>For the year<br/>ended on<br/>31-03-2017<br/>₹</b> | <b>For the year<br/>ended on<br/>31-03-2016<br/>₹</b> |
|---|---|---|
| Interest income                             | 92,27,878   | 3,09,07,931   |
| Gain/(loss) on sale of Assets               | Nil   | 2,36,000  |
| Dividend Income from non-current investment | 2,064   | 2,064   |
| Exchange Rate Difference                    | 25,04,883   | 3,05,06,614   |
| Other Miscellenious Income                  | 9,72,566  | 12,54,500   |
| <b>Total</b>                                | <b>1,27,07,390</b>                                    | <b>6,29,07,109</b>                                    |

**20. Cost Of Material Consumed**
**a. Details of Material consumption**

| <b>Particulars</b>                           | <b>For the year<br/>ended on<br/>31-03-2017<br/>₹</b> | <b>For the year<br/>ended on<br/>31-03-2016<br/>₹</b> |
|--|---|---|
| <b>Raw Material</b>                          |   |   |
| Stock at the beginning of the financial year | 4,60,83,830   | 4,07,15,842   |
| Purchase during the year                     | 42,11,27,777  | 40,59,28,110  |
| Other direct purchase costs                  | 77,81,024   | 98,81,526   |
| <b>Total</b>                                 | <b>47,49,92,631</b>                                   | <b>45,65,25,478</b>                                   |
| Stock at the end of the financial year       | 5,51,38,204   | 4,60,83,830   |
| Cost of Consumption of Raw Material          | 41,98,54,427  | 41,04,41,648  |
| <b>Packing Materials</b>                     |   |   |
| Stock at the beginning of the financial year | 1,99,73,767   | 1,54,00,186   |
| Purchase during the year                     | 14,57,92,901  | 15,19,69,560  |
| Other direct costs                           | Nil   | Nil   |
| <b>Total</b>                                 | <b>16,57,66,668</b>                                   | <b>16,73,69,746</b>                                   |
| Stock at the end of the financial year       | 2,13,60,682   | 1,99,73,767   |
| Cost of Consumption of Packing Materials     | 14,44,05,986  | 14,73,95,979  |
| <b>Total Material consumption</b>            | <b>56,42,60,413</b>                                   | <b>55,78,37,627</b>                                   |

**20. Cost Of Material Consumed [Contd...]**
**b. Details of material consumption under broad heads**

| Sr. | MATERIAL NAME                           | For the year ended on<br>31-03-2017 | For the year ended on<br>31-03-2016 |
|-----|---|-------------------------------------|-------------------------------------|
| 1   | Paracetamol B.P. / I.P.                 | 7,92,63,651                         | 6,81,55,704                         |
| 2   | Ceftriaxone Sodium Ster                 | 1,79,82,678                         | 2,01,72,861                         |
| 3   | Alpha.Beta.Arteether                    |                                     | 63,37,716                           |
| 4   | Diclofenac Sodium B.P. / I.P.           | 68,28,804                           | 60,46,263                           |
| 5   | Ciprofloxacin Hcl Eq. Ciprofloxacin Bp. | 3,09,55,000                         | 5,50,63,055                         |
| 6   | Artemether                              | 77,97,000                           | 8,87,464                            |
| 7   | Menthol ( Crystal)                      | 42,34,500                           | 35,04,719                           |
| 8   | Ibuprofen B.P.                          | 1,74,87,433                         | 4,58,92,444                         |
| 9   | Cefixime (Trihydrate) Usp               | 43,85,000                           | 34,90,000                           |
| 10  | Azithromycin I.P & U.S.P.               | 75,03,328                           | 1,02,72,823                         |
| 11  | Artesunate (Sterile Powder)             | 4,13,717                            | 90,000                              |
| 12  | Other                                   | 38,74,09,302                        | 33,79,24,576                        |
|     | <b>Total</b>                            | <b>56,42,60,413</b>                 | <b>55,78,37,627</b>                 |

**c. Details of value of imported & Indigenous Raw Material consumed**

| Sr. | MATERIAL NAME | %             |               | Value               |                     |
|-----|---------------|---------------|---------------|---------------------|---------------------|
|     |               | 31-03-2017    | 31-03-2016    | 31-03-2017          | 31-03-2016          |
| 1   | Imported      | 2.4%          | 6.2%          | 1,02,15,204         | 2,55,13,782         |
| 2   | Indigenous    | 97.6%         | 93.8%         | 40,96,39,223        | 38,49,27,866        |
|     | <b>Total</b>  | <b>100.0%</b> | <b>100.0%</b> | <b>41,98,54,427</b> | <b>41,04,41,648</b> |

**d. Details of value of imported & Indigenous Packing Material consumed**

| Sr. | MATERIAL NAME | %             |               | Value               |                     |
|-----|---------------|---------------|---------------|---------------------|---------------------|
|     |               | 31-03-2017    | 31-03-2016    | 31-03-2017          | 31-03-2016          |
| 1   | Imported      | 1.6%          | 0.3%          | 23,04,198           | 3,85,163            |
| 2   | Indigenous    | 98.4%         | 99.7%         | 14,21,01,789        | 14,70,10,815        |
|     | <b>Total</b>  | <b>100.0%</b> | <b>100.0%</b> | <b>14,44,05,986</b> | <b>14,73,95,979</b> |

**21 Purchases of Stock-in-Trade**
**a Details of Purchases of Stock-in-Trade.**

| Particulars                | As at<br>31-03-2017<br>₹ | As at<br>31-03-2016<br>₹ |
|----------------------------|--------------------------|--------------------------|
| Purchase of Stock In Trade |                          |                          |
| Stock In Trade             | 1,21,99,25,101           | 1,52,25,86,979           |
| <b>Total</b>               | <b>1,21,99,25,101</b>    | <b>1,52,25,86,979</b>    |

**b Details of Purchases of Stock-in-Trade under braod head**

| Product               | As at<br>31-03-2017<br>₹ | As at<br>31-03-2016<br>₹ |
|-----------------------|--------------------------|--------------------------|
| <b>Stock in Trade</b> |                          |                          |
| Tablets               | 42,57,71,164             | 70,68,95,702             |
| Capsules              | 10,68,24,021             | 12,41,65,804             |
| Cream In Tubes        | 3,06,13,693              | 2,83,91,200              |
| Dry Powder Injection  | 9,33,15,865              | 10,98,08,930             |
| Liquid In Bottle      | 23,86,77,025             | 23,78,44,677             |
| Liquid Injection      | 32,47,23,332             | 31,54,80,666             |
| <b>TOTAL</b>          | <b>1,21,99,25,101</b>    | <b>1,52,25,86,979</b>    |

**22 Changes in Inventories of Finished Goods WIP and Stock-in-Trade**

| Particulars                                      | For the year ended on<br>31-03-2017<br>₹ | For the year ended on<br>31-03-2016<br>₹ |
|--|--|--|
| <b>Stock in Trade</b>                            |  |  |
| Stock at the Beginning of the financial year     | 9,80,90,235                              | 7,47,91,964                              |
| Stock at the End of the financial year           | 15,93,37,722                             | 9,80,90,235                              |
| Trading Goods                                    | (6,12,47,487)                            | (2,32,98,271)                            |
| <b>Finished Goods</b>                            |  |  |
| Stock at the Beginning of the financial year     | 5,81,43,892                              | 4,69,64,782                              |
| Stock at the End of the financial year           | 6,66,65,267                              | 5,81,43,892                              |
| Finished Goods                                   | (85,21,375)                              | (1,11,79,110)                            |
| <b>Work in Progress</b>                          |  |  |
| WIP at the Beginning of the financial year       | 2,43,87,363                              | 1,49,75,024                              |
| WIP at the End of the financial year             | 1,62,15,098                              | 2,43,87,363                              |
| Work in Progress                                 | 81,72,265                                | (94,12,339)                              |
| <b>Summary</b>                                   |  |  |
| Inventory at the Beginning of the financial year | 18,06,21,490                             | 13,67,31,770                             |
| Inventory at the End of the financial year       | 24,22,18,087                             | 18,06,21,490                             |
| <b>Change in inventory</b>                       | <b>(6,15,96,597)</b>                     | <b>(4,38,89,720)</b>                     |

**23 Employee Benefits Expense**
**a Employee Benefits Expense**

|                                    | For the year ended on<br>31-03-2017<br>₹ | For the year ended on<br>31-03-2016<br>₹ |
|------------------------------------|--|--|
| Salary, Wages & Bonus              | 32,74,20,899                             | 24,87,29,011                             |
| Contribution to Staff Welfare Fund | 1,36,02,679                              | 1,16,31,940                              |
| Staff Welfare Expenses             | 1,01,02,539                              | 69,60,301                                |
| <b>Total</b>                       | <b>35,11,26,117</b>                      | <b>26,73,21,252</b>                      |

b Policy relating to accounting of employee benefit expnse is disclosed at Point No. X to the significant accounting policy.

c Details of Defined Benefit Obligation in respect of graduity liability is recognized in the balance sheet as under

**I Expense Recongized during the year**

| Particulars                                     | 2016-17          | 2015-16          |
|---|------------------|------------------|
| Current service cost                            | 16,99,094        | 7,09,983         |
| Interest on obligation                          | 8,76,771         | 4,54,286         |
| Past service cost                               | Nil              | 45,58,994        |
| Expected return on plan assets                  | (5,88,828)       | (4,81,181)       |
| Net actuarial losses (gains) recognized in year | 6,20,976         | (5,68,805)       |
| <b>Total</b>                                    | <b>26,08,013</b> | <b>46,73,277</b> |

## II Reconciliation of opening and closing balances of defined benefit obligation

| Particulars  | 2016-17     | 2015-16     |
|--|-------------|-------------|
| Opening defined benefit obligation                               | 1,08,64,569 | 57,21,486   |
| Service cost   | 16,99,094   | 7,09,983    |
| Interest cost  | 8,76,771    | 4,54,286    |
| Past Service Cost  | Nil         | 45,58,994   |
| Benefits Paid  | (7,05,655)  | Nil         |
| Actuarial losses (gains)- Due to change in Financial Assumptions | 6,56,622    | (1,23,246)  |
| Actuarial losses (gains)- Due to Experience                      | (1,86,357)  | (4,56,934)  |
| Closing Defined Benefit Obligation                               | 1,32,05,044 | 1,08,64,569 |

## III Reconciliation of Opening and Closing balances of fair value of plan assets

| Particulars                                  | 2016-17    | 2015-16   |
|--|------------|-----------|
| Opening fair value of plan assets            | 72,96,509  | 60,60,209 |
| Expected return                              | 5,88,828   | 4,81,181  |
| Actuarial (losses) gains- Due to Experience  | (1,50,711) | (11,375)  |
| Contributions by employer                    | 67,595     | 7,66,494  |
| Benefits paid                                | 17,145     | Nil       |
| Closing balance of fair value of plan assets | 77,85,076  | 72,96,509 |

## IV Liability recognized in the financial statement

| Particulars   | 2016-17     | 2015-16     |
|---|-------------|-------------|
| Opening fair value of plan assets                   | 77,85,076   | 72,96,509   |
| Value of defined benefit obligation                 | 1,32,05,044 | 1,08,64,569 |
| (Liability)/Asset recognized in financial statement | (54,19,968) | (35,68,060) |

## V Actuarial Assumptions

| Particulars                                      | 2016-17   | 2015-16   |
|--|-----------|-----------|
| Indian Assured Lives Mortality(2006-08) Ultimate | (2006-08) | (2006-08) |
| Discounted rate Per Annum                        | 7.52%     | 8.07%     |
| Expected Return on Plan Assets (Per Annum)       | 7.52%     | 7.94%     |
| Future Salary Growth (Per Annum)                 | 6.50%     | 6.50%     |
| Attrition Rate                                   | 2.00%     | 2.00%     |
| Retirement Age                                   | 58 Years  | 58 Years  |

## VI Employee Benefit Disclosure

| Particulars  | 31.03.2017  | 31.03.2016  | 31.03.2015 | 31.03.2014 | 31.03.2013 |
|--|-------------|-------------|------------|------------|------------|
| Defined benefit obligation                               | 1,32,05,044 | 1,08,64,569 | 57,21,486  | 50,90,048  | 50,74,830  |
| Plan asset   | 77,85,076   | 72,96,509   | 60,60,209  | 57,31,834  | 50,95,306  |
| Surplus/(Deficit) or Asset (Liability)                   | (54,19,968) | (35,68,060) | 3,38,723   | 6,41,786   | 20,476     |
| Experience adjustments on plan liabilities (Gain) / Loss | (1,86,357)  | (4,56,934)  | (7,28,745) | (14,135)   | (1,40,282) |
| Experience adjustments on plan asset (loss)/ Gain        | (1,50,711)  | (11,375)    | (2,66,858) | 45,012     | 37,777     |

The expected benefits are based on the same assumptions used to measure Group's gratuity obligations as at 31st March, 2017. The Company is expected to contribute ₹ 5,419,968/- to gratuity funds for the year ended 31st March, 2018.

## 24 Finance Cost

| Particulars          | For the year ended on 31-03-2017<br>₹ | For the year ended on 31-03-2016<br>₹ |
|----------------------|---------------------------------------|---------------------------------------|
| Interest Expense     | 4,66,44,606                           | 4,92,00,385                           |
| Other borrowing cost | 74,82,606                             | 61,72,826                             |
| <b>Total</b>         | <b>5,41,27,212</b>                    | <b>5,53,73,211</b>                    |

**25 Other Expenses**

| Particulars                                    | For the year ended on<br>31-03-2017<br>₹ | For the year ended on<br>31-03-2016<br>₹ |
|--|--|--|
| <b>Manufacturing Expenses</b>                  |  |  |
| Power and Fuel                                 | 5,31,33,100                              | 3,64,90,729                              |
| Labour Charges                                 | 6,11,44,199                              | 6,37,09,344                              |
| Laboratory goods & Testing Charges             | 2,18,22,978                              | 1,94,29,442                              |
| <b>Factory Expenses</b>                        |  |  |
| Stores And Spares Consumption                  | 91,34,288                                | 74,30,268                                |
| Electrical Expense                             | 48,97,357                                | 12,36,752                                |
| Factory Expenses                               | 92,42,672                                | 77,97,454                                |
| Inspection Fees                                | 19,92,588                                | 3,47,265                                 |
| Licence Fee & Registration Expense             | Nil                                      | 15,000                                   |
| Loading & Unloading Charges                    | 16,360                                   | 1,51,785                                 |
| Other Maintainance & Repairs Expense           | 76,81,992                                | 39,74,221                                |
| Repairs to Machinery                           | 75,555                                   | 5,96,228                                 |
| <b>Total Manufacturing Expenses</b>            | <b>16,91,41,089</b>                      | <b>14,11,78,486</b>                      |
| <b>Administrative Expenses</b>                 |  |  |
| Audit Fee                                      | 12,00,000                                | 10,50,000                                |
| Computer Expense                               | 23,01,423                                | 22,23,798                                |
| Conveyance & Vehicle Expense                   | 43,35,368                                | 33,88,891                                |
| Donation                                       | 3,38,000                                 | 4,87,000                                 |
| Insurance                                      | 9,79,543                                 | 22,42,647                                |
| Legal and Registration Expense                 | 2,43,45,054                              | 1,88,97,665                              |
| Office Expense                                 | 60,41,339                                | 69,32,248                                |
| Post & Telephone Expense                       | 44,41,730                                | 35,92,153                                |
| Professional & Consulting Fees                 | 1,69,87,532                              | 1,54,17,006                              |
| Rent   | 29,17,803                                | 26,58,138                                |
| Rate & Taxes                                   | 2,40,48,214                              | 3,36,37,327                              |
| Repairs to Building                            | 48,05,784                                | 19,78,725                                |
| Security Expense                               | 29,58,391                                | 20,19,760                                |
| Misc. Expense                                  | 1,69,76,300                              | 1,14,12,009                              |
| Stationery, Printing & Xerox                   | 32,78,905                                | 24,64,466                                |
| Prior Period Expense                           | 33,59,795                                | 46,91,364                                |
| Loss On Sales Of Assets                        | 59,277                                   | 39,96,945                                |
| Loss on sale of export licence                 | 28,87,444                                | 8,30,760                                 |
| CSR Expense                                    | 42,00,000                                | 29,10,000                                |
| <b>Total Administrative Expenses</b>           | <b>12,64,61,903</b>                      | <b>12,08,30,902</b>                      |
| <b>Selling and Distribution Expenses</b>       |  |  |
| Travelling Expense                             | 4,54,48,694                              | 2,94,10,628                              |
| Transportation Expense                         | 2,27,08,157                              | 1,45,55,231                              |
| Advertisement Expense                          | 3,96,287                                 | 9,68,397                                 |
| Sales Promotion & Marketing Expense            | 12,35,71,061                             | 12,10,66,051                             |
| Sales Commission Expense                       | 5,51,98,338                              | 2,88,48,066                              |
| Bad debt Written off                           | 76,80,594                                | 2,22,15,976                              |
| <b>Total Selling and Distribution Expenses</b> | <b>25,50,03,131</b>                      | <b>21,70,64,350</b>                      |
| <b>Total Other Expenses</b>                    | <b>55,06,06,122</b>                      | <b>47,90,73,739</b>                      |

**25(a) CSR Expense**

| Particulars   | For the year ended on<br>31-03-2017<br>₹ | For the year ended on<br>31-03-2016<br>₹ |
|---|--|--|
| Gross amount required to be spent by the company during the year. | 41,17,884                                | 28,69,137                                |
| Amount spent during the year on                                   |  |  |
| i) Construction/acquisition of any asset                          |  |  |
| In Cash   | Nil                                      | Nil                                      |
| Yet to be paid  | Nil                                      | Nil                                      |
| ii) On purposes other than above                                  |  |  |
| In Cash   | 42,00,000                                | 29,10,000                                |
| Yet to be paid  | Nil                                      | Nil                                      |
| <b>Total</b>  | <b>42,00,000</b>                         | <b>29,10,000</b>                         |

**26 Other Information**

- a The Board of Directors has proposed a dividend of ₹. 2,40,00,000/- to be distributed to equity share holders at the rate of ₹. 1.20 per equity share of ₹. 10 Each. (Last Year at the rate of ₹. 1 per equity share of ₹. 10 Each)
- b In the opinion of the Management, there are no indication, internal or external which could have the effect of impairing the value of the assets to any material extent as at the Balance sheet date requiring recognition in terms of AS-28 "Impairment of Assets".
- c In the opinion of the board, the current assets are approximately of the value stated if realized in the ordinary course of business. The provision for the depreciation and for all known Liabilities are adequate and not in excess of amount reasonably necessary. There are no Contingent Liabilities other than stated.
- d The Company has entered into certain operating lease agreements and an amount of ₹ 2,917,803/- (P.Y. ₹ 2,658,138/-) paid under such agreements has been charged to the statement of Profit & Loss. These lease are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by such agreements.
- e Details of Payment to Auditors

| Particulars                   | For the year ended on<br>31-03-2017<br>₹ | For the year ended on<br>31-03-2016<br>₹ |
|-------------------------------|--|--|
| <b>To Statutory Auditor :</b> |  |  |
| Statutory Audit Fee           | 6,00,000                                 | 6,00,000                                 |
| Taxation Work                 | 3,00,000                                 | 3,00,000                                 |
| <b>Sub: Total</b>             | <b>9,00,000</b>                          | <b>9,00,000</b>                          |
| <b>To Internal Auditor :</b>  |  |  |
| Internal Audit Fee            | 3,00,000                                 | 1,50,000                                 |
| <b>Grand Total</b>            | <b>12,00,000</b>                         | <b>10,50,000</b>                         |

- f Details of Prior period Items

| Particulars                            | For the year ended on<br>31-03-2017<br>₹ | For the year ended on<br>31-03-2016<br>₹ |
|--|--|--|
| Cost of Material Consumed              | 1,12,350                                 | Nil                                      |
| Manufacturing & Administrative Expense | 24,86,826                                | 37,73,083                                |
| Finance Cost                           | 12,329                                   | 1,39,315                                 |
| Selling and Distribution Expenses      | 7,48,291                                 | 7,78,966                                 |
| <b>Total</b>                           | <b>33,59,796</b>                         | <b>46,91,364</b>                         |

- g Earnings per share

| Particulars   |     | For the year ended on<br>31-03-2017<br>₹ | For the year ended on<br>31-03-2016<br>₹ |
|---|-----|--|--|
| <b>Basic</b>  |     |  |  |
| Profit attributable to equity shareholders                        | ₹   | 25,28,35,603                             | 21,74,61,574                             |
| Weighted average number of ordinary equity shares for Basic EPS   | No. | 1,78,81,751                              | 1,63,10,800                              |
| Basic EPS   | ₹   | 14.14                                    | 13.33                                    |
| <b>Diluted</b>  |     |  |  |
| Profit attributable to equity share holders                       | ₹   | 25,28,35,603                             | 21,74,61,574                             |
| Add : interest/dividend on convertible instruments                | ₹   | Nil                                      | Nil                                      |
| Profit after tax for Diluted EPS                                  | ₹   | 25,28,35,603                             | 21,74,61,574                             |
| Nominal Value of equity share                                     | ₹   | 10                                       | 10                                       |
| Weighted average number of ordinary equity shares for Basic EPS   | No  | 1,78,81,751                              | 1,63,10,800                              |
| Add: Weighted average number of Convertible warrants              | No  | Nil                                      | 4,08,231                                 |
| Weighted average number of ordinary equity shares for Diluted EPS | No  | 1,78,81,751                              | 1,67,19,031                              |
| <b>Diluted EPS</b>  |     | <b>14.14</b>                             | <b>13.01</b>                             |



**h CIF Value of Import**

| Particulars      | For the year ended on<br>31-03-2017<br>₹ | For the year ended on<br>31-03-2016<br>₹ |
|------------------|--|--|
| Raw Materials    | 1,02,15,204                              | 2,55,13,782                              |
| Packing Material | 23,04,198                                | 3,85,163                                 |
| <b>Total</b>     | <b>1,25,19,402</b>                       | <b>2,58,98,945</b>                       |

**i Earnings in foreign currency**

| Particulars                                 | For the year ended on<br>31-03-2017<br>₹ | For the year ended on<br>31-03-2016<br>₹ |
|---|--|--|
| Export of goods calculated on F.O.B. basis; | 1,11,98,59,783                           | 1,12,55,41,669                           |
| <b>Total</b>                                | <b>1,11,98,59,783</b>                    | <b>1,12,55,41,669</b>                    |

**j Expenditure in Foreign Currency**

| Particulars                     | For the year ended on<br>31-03-2017<br>₹ | For the year ended on<br>31-03-2016<br>₹ |
|---------------------------------|--|--|
| Licence & Registration expenses | 1,74,96,745                              | 1,62,16,465                              |
| Commission on export sale       | 18,10,512                                | Nil                                      |
| Bank Commission                 | 7,66,718                                 | 9,47,538                                 |
| Tour & Travelling Expense       | 18,45,797                                | 22,48,601                                |
| <b>Total</b>                    | <b>2,19,19,771</b>                       | <b>1,94,12,603</b>                       |

**k Details of Contingent Liability**

The Company has received Following Demand Notice From Tax Authority

| SR NO | Particulars   | 2016-17      | 2015-16      |
|-------|---|--------------|--------------|
| 1     | Income Tax demands disputed in appeal by the Company/ Income Tax Authorities. (Against contingent liability for Rs. 2,77,31,430/- amount of Rs. 34,31,000/- has been paid)                          | 2,49,34,790  | 35,59,393    |
| 2     | Corporate guarantee given in respect of Loan Sanctioned to Lincoln Parenteral Ltd to bank.  | 14,00,00,000 | 14,00,00,000 |
| 3     | Estimated Amount of Contracts remain to be Executed on Capital Account. Advance paid against such Contract is ₹ 4,54,66,531/- (Previous year ₹ 4,401,000/-) which is shown under the head advances. | 4,54,66,531  | 50,14,313    |
| 4     | Outstanding amount of Bill discounted as on 31.03.2017  | 3,95,93,716  | Nil          |

**l Medium and Small Enterprises**

The Company has not received the required information from Suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, In the absence of information available with the Company about enterprises which are qualifying under the definition of Medium and Small Enterprises as defined under Micro Small & Medium Enterprises Development Act, 2006, no disclosure is made as required under the Act.

**m Details of Interest Paid For Finance Lease Agreements**

| Particulars   | For the year ended on<br>31-03-2017<br>₹ | For the year ended on<br>31-03-2016<br>₹ |
|---|--|--|
| For Purchase of Computer Equipment, Software & Vehicles | Nil                                      | 89,923                                   |

n Related party disclosures

I List of related parties

| Sr. | Name of related Party                            | Nature of relation                           |
|-----|--|--|
| 1   | Lincoln Parenteral Limited                       | Subsidiary Company                           |
| 2   | Downtown Travels Pvt. Ltd.                       | Controlled by Key Managerial Persons         |
| 3   | Downtown Travels LLP                             | Controlled by Key Managerial Persons         |
| 4   | Downtown Finance Pvt. Ltd.                       | Controlled by Key Managerial Persons         |
| 5   | Zullinc Healthcare LLP                           | Partnership Firm in which Company is Partner |
| 6   | Sunmed corporation LLP                           | Controlled by Key Managerial Persons         |
| 7   | Avis Travells                                    | Controlled by Key Managerial Persons         |
| 8   | Shardaben Gulabdas Patel Public Charitable Trust | Controlled by Key Managerial Persons         |
| 9   | Mahendra G. Patel                                | Key Managerial Person                        |
| 10  | Rajnikant G. Patel                               | Key Managerial Person                        |
| 11  | Hasmukh I. Patel                                 | Key Managerial Person                        |
| 12  | Munjal M. Patel                                  | Key Managerial Person                        |
| 13  | Ashish R. Patel                                  | Key Managerial Person                        |

II Details of Transactions with Related Parties

| Sr | Name of party                                    | Nature of Transaction             | 2016-17      | 2015-16      |
|----|--|-----------------------------------|--------------|--------------|
| 1  | Lincoln Parenteral Limited                       | Purchase                          | 19,71,44,050 | 20,34,99,193 |
|    |  | Sales                             | 1,26,66,283  | 77,44,714    |
|    |  | Reimbursement of Expense          | Nil          | 1,76,63,950  |
|    |  | Trade Deposit Given               | Nil          | 14,00,00,000 |
|    |  | Interest Income                   | Nil          | 53,00,000    |
| 2  | Avis Travels                                     | Travelling Expenses               | 1,30,14,336  | 86,16,984    |
| 3  | Downtown Travels LLP                             | Travelling Expenses               | 12,09,989    | Nil          |
| 4  | Downtown Travels Pvt. Ltd.                       | Travelling Expenses               | Nil          | 8,86,304     |
|    |  | Loan Taken                        | Nil          | 8,00,000     |
|    |  | Loan Repaid                       | 7,28,399     | 8,00,000     |
| 5  | Downtown Finance Pvt. Ltd.                       | Interest Expenses                 | 17,81,864    | 6,65,184     |
|    |  | Advance Taken (Bill Discounting)  | 51,518       | 2,10,45,463  |
|    |  | Advance Repaid (Bill Discounting) | 24,92,252    | 1,16,13,279  |
| 6  | Sunmed corporation Pvt. Ltd                      | Purchase                          | 23,260       | 6,90,74,923  |
| 7  | Zullinc Healthcare LLP                           | Loan Given                        | Nil          | 6,50,146     |
|    |  | Sales                             | 26,86,64,095 | Nil          |
|    |  | Repayment Received                | Nil          | 3,75,60,973  |
| 8  | Shardaben Gulabdas Patel Public Charitable Trust | CSR Expense                       | 650,702      | Nil          |
| 9  | Mahendra G. Patel                                | Remuneration                      | 13,57,742    | 13,59,992    |
| 10 | Rajnikant G. Patel                               | Remuneration                      | 13,57,742    | 13,59,992    |
| 11 | Hasmukh I. Patel                                 | Remuneration                      | 13,57,742    | 13,59,992    |
|    |  | Commission                        | 5,00,000     | Nil          |
| 12 | Munjal M. Patel                                  | Remuneration                      | 13,27,838    | 13,29,128    |
| 13 | Ashish R. Patel                                  | Remuneration                      | 16,03,168    | 16,04,528    |

III Details of Closing Balances

| Sr | Name of party                             | As at<br>31-Mar-2017<br>₹ | As at<br>31-Mar-2016<br>₹ |
|----|---|---------------------------|---------------------------|
| 1  | Lincoln Parenteral Limited                | 9,68,96,964               | (33,93,879)               |
| 2  | Lincoln Parenteral Limited(Trade Deposit) | 18,00,00,000              | 14,00,00,000              |
| 3  | Lincoln Parenteral Limited(Advance)       | Nil                       | 4,00,00,000               |
| 4  | Avis Travels                              | (5,61,041)                | (2,90,562)                |
| 5  | Downtown Travels Pvt. Ltd.                | Nil                       | (7,28,393)                |
| 6  | Downtown Travels LLP                      | (4,82,857)                | Nil                       |
| 7  | Downtown Finance Pvt. Ltd.                | (1,11,56,715)             | (1,23,22,056)             |
| 8  | Lords Consultancy                         | 1,00,00,000               | Nil                       |
| 9  | Lotus Communication                       | 99,87,500                 | Nil                       |
| 10 | Sunmed corporation Pvt. Ltd               | 93,60,165                 | (1,90,71,754)             |
| 11 | Zullinc Healthcare LLP                    | 13,37,36,490              | Nil                       |

Note : Figures in bracket Denotes Credit Balance

**o Research & Development Expenditure :**

Company's in house R&D unit has been approved by Government of India, Ministry of Science & Technology, Department of Scientific and Industrial Research, New Delhi. The Company's in house R&D unit is also approved for weighted deduction U/S 35 (2AB) of the Income Tax act, 1961.

**Details Of Capital & Revenue Expenditure Of R & D**

| Particulars                      | 2016-17            |                    | 2015-16            |                    |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                  | ₹                  |                    | ₹                  |                    |
|                                  | Capital            | Revenue            | Capital            | Revenue            |
| Plant & Machinery                | 2,61,74,956        | Nil                | 1,46,36,501        | Nil                |
| R & D Building A/c               | 84,354             | Nil                | Nil                | Nil                |
| Electrical Equipment A/c (R & D) | 13,465             | Nil                | Nil                | Nil                |
| Furniture & Fixture              | Nil                | Nil                | 3,93,255           | Nil                |
| Personnel Expenses               | Nil                | 2,33,39,944        | Nil                | 2,13,00,506        |
| Material Consumption             | Nil                | 31,68,808          | Nil                | 18,01,740          |
| Manufacturing expense            | Nil                | 2,04,20,534        | Nil                | 2,86,93,712        |
| Depreciation                     | Nil                | 92,66,595          | Nil                | 86,04,645          |
| Administration Expenses          | Nil                | 60,49,742          | Nil                | 40,84,120          |
| <b>TOTAL</b>                     | <b>2,62,72,776</b> | <b>6,22,45,622</b> | <b>1,50,29,756</b> | <b>6,44,84,723</b> |

**p Segment reporting**

i Primary Business Segment: There is only one segment namely, Pharmaceuticals Products.

ii Secondary Segment:

Segment revenue in geographical segment considered for disclosure is as follows.

i. Domestic Sales

ii. Export Sales

| Particulars                             | Export         |                | Domestic       |                | Total          |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
|   | 2016-17        | 2015-16        | 2016-17        | 2015-16        | 2016-17        | 2015-16        |
| Segment revenue from external customers | 1,19,26,88,344 | 1,17,06,21,759 | 1,89,17,28,434 | 1,99,08,09,981 | 3,08,44,16,778 | 3,16,14,31,740 |
| Carrying amount of segment Assets       | 42,00,12,052   | 47,30,24,542   | 2,38,11,14,825 | 1,94,60,47,238 | 2,80,11,26,877 | 2,41,90,71,780 |

**q** The assets, liability Income and Expenditure of the previous year is regrouped/ reclassified to conform to the current year's presentation.

**r Disclosure on Specified Bank Notes**

During the year, the company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308(E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

| Particulars                           | SBNs(1)     | Other denomination notes | Total       |
|---------------------------------------|-------------|--------------------------|-------------|
| Closing cash in hand as on 8-11-2016  | 46,97,500   | 12,32,839                | 59,30,339   |
| Add: Permitted receipts               | Nil         | 13,000                   | 13,000      |
| Add: Amount Withdrawal from Bank      | Nil         | 13,00,000                | 13,00,000   |
| Less: Permitted payments              | Nil         | (21,70,525)              | (21,70,525) |
| Less: Amount deposited in Banks       | (46,97,500) | Nil                      | (46,97,500) |
| Closing cash in hand as on 30-12-2016 | Nil         | 3,75,314                 | 3,75,314    |

<sup>(1)</sup>For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

As per our report of even date

**For J.T. Shah & Co.**

Chartered Accountants

(Firm Regd. No. 109616W)

**(J.T.SHAH)**

Partner

(M.No.3983)

Date : 30-05-2017

Place : Ahmedabad

**Bhavik P. Parikh**  
(Company Secretary)

For and on behalf of the Board of Directors of  
**Lincoln Pharmaceuticals Limited**

**M.G. Patel** (Managing Director) (DIN : 00104706)

**R.G. Patel** (Jt. Managing Director) (DIN : 00104786)

**H.I. Patel** (Whole Time Director) (DIN : 00104834)

Date : 30-05-2017

Place : Ahmedabad

## INDEPENDENT AUDITORS' REPORT

To,  
The Members of  
**Lincoln Pharmaceuticals Limited**  
Ahmedabad

### 1. Report on the Consolidated Financial Statements

We have audited the accompanying **CONSOLIDATED FINANCIAL STATEMENTS OF LINCOLN PHARMACEUTICALS LIMITED** (hereinafter referred to as "the Holding Company") and its two subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### 2. Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent and the 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters, which are required to be included in the audit report under the provisions of the Act, and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

- i. In the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- ii. In the case of the Consolidated Statement Profit and Loss Account, of the profit for the year ended on that date and
- iii. In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### 5. Other Matters

We did not audit the financial statements / financial information of subsidiaries whose financial statements/financial information reflect total assets of ₹ 267,120,340/- as at 31st March, 2017, total revenues of ₹ 576,015,279/- and net cash flows amounting to ₹ 922,170/- for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information 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, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

## 6. Report on Other Legal and Regulatory Requirements

- (i) As required by Section 143(3) of the Act, 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 purposes of our audit of the aforesaid consolidated financial statements.
  - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors.
  - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement 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.
  - In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors of Holding Company and the Reports of the Statutory Auditors of its subsidiary companies, none of the directors of the Group companies, is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
  - With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - 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, in our opinion and to the best of our information and according to the explanations given to us:
    - The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. – Refer Note 26(j) to the consolidated financial statements;
    - The Group does not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
    - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.
    - The Group has provided requisite disclosures in the consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Group and as produced to us by the Management. – Refer Note 26(r) to the consolidated financial statements.

**For, J. T. Shah & Co.**  
Chartered Accountants,  
[Firm Regd. No. - 109616W]

Place : Ahmedabad  
Date : 30-05-2017

**(J. T. Shah)**  
Partner  
[M. No. 3983]

### ANNEXURE "A" TO THE CONSOLIDATED AUDITORS REPORT

Referred to in paragraph 6(i)(f) to The Independent Auditor's Report of Even Date on the Consolidated Financial Statements of Lincoln Pharmaceuticals Limited

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, We have audited the internal financial controls over financial reporting of **LINCOLN PHARMACEUTICALS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are accompany incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company, its subsidiary company, which is a company incorporated in India, 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 issued by the Institute of Chartered Accountants of India. 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 its business, including adherence to 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 Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting 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 control over financial reporting includes those policies and procedures that (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Holding Company, its subsidiary companies, which are accompany incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 issued by the Institute of Chartered Accountants of India.

**Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to its subsidiary companies, which are accompany incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

**For, J. T. Shah & Co.**  
Chartered Accountants,  
[Firm Regd. No. - 109616W]

Place : Ahmedabad  
Date : 30-05-2017

**(J. T. Shah)**  
Partner  
[M. No. 3983]

**Consolidated Balance Sheet As at 31-03-2017**

| Particulars                               | Note No. | As at 31-03-2017<br>₹ | As at 31-03-2016<br>₹ |
|---|----------|-----------------------|-----------------------|
| <b>I. EQUITY AND LIABILITIES</b>          |          |                       |                       |
| <b>1 Shareholders' funds</b>              |          |                       |                       |
| (a) Share Capital                         | 2        | 20,00,00,000          | 16,31,08,000          |
| (b) Reserves and Surplus                  | 3        | 1,70,27,55,680        | 1,16,64,84,800        |
| (C) Money Received against Share Warrants | 2(f)     | Nil                   | 7,56,28,600           |
| <b>2 Minority Interest</b>                | <b>4</b> | <b>21,78,402</b>      | <b>19,36,672</b>      |
| <b>3 Non-current liabilities</b>          |          |                       |                       |
| (a) Long-Term Borrowings                  | 5        | 17,68,26,103          | 23,62,33,861          |
| (b) Deferred Tax Liabilities (Net)        | 6        | 8,96,13,010           | 6,95,76,054           |
| (c) Other Long Term Liabilities           | 7        | 3,46,18,914           | 3,16,12,308           |
| <b>4 Current liabilities</b>              |          |                       |                       |
| (a) Short-Term Borrowings                 | 8        | 46,04,93,395          | 52,62,49,568          |
| (b) Trade Payables                        | 26(k)    |                       |                       |
| Due to micro & Small Enterprise           |          | Nil                   | Nil                   |
| Due to Other                              |          | 27,04,24,320          | 30,37,70,783          |
| (c) Other Current Liabilities             | 9        | 13,09,00,370          | 15,10,18,806          |
| (d) Short-Term Provisions                 | 10       | 4,37,022              | 2,24,04,193           |
| <b>TOTAL</b>                              |          | <b>3,06,82,47,217</b> | <b>2,74,80,23,645</b> |
| <b>II. ASSETS</b>                         |          |                       |                       |
| <b>1 Non-current assets</b>               |          |                       |                       |
| (a) (I) Property, Plant & Equipments      | 11       | 93,47,22,725          | 88,99,30,979          |
| (II) Intangible Assets                    | 11       | 9,60,04,867           | 9,48,13,025           |
| (III) Capital Work-In-Progress            | 11       | 6,63,08,715           | 2,72,91,103           |
| (b) Non-Current Investments               | 12       | 55,400                | 55,400                |
| (c) Long-term Loans and Advances          | 13       | 25,22,97,452          | 26,61,68,732          |
| <b>2 (a) Inventories</b>                  | 14       | 37,30,60,301          | 27,48,19,256          |
| (b) Current investments                   | 15       | 10,20,00,000          | Nil                   |
| (c) Trade Receivables                     | 16       | 91,25,31,861          | 80,52,50,780          |
| (d) Cash and Bank Balances                |          |                       |                       |
| (e) Cash and Cash equivalents             | 17 (a)   | 3,01,81,184           | 3,42,98,762           |
| Other Bank Balances                       | 17 (b)   | 8,56,12,146           | 9,22,98,515           |
| (f) Short-term loans and advances         | 18       | 21,54,72,565          | 26,30,97,092          |
| <b>TOTAL</b>                              |          | <b>3,06,82,47,217</b> | <b>2,74,80,23,645</b> |
| Significant Accounting Policies           | 1        |                       |                       |
| Notes on Financial Statements             | 2 to 27  |                       |                       |

As per our report of even date  
**For J.T. Shah & Co.**  
Chartered Accountants  
(Firm Regd. No. 109616W)

**(J.T.SHAH)**  
Parther  
(M.No.3983)  
Date : 30-05-2017  
Place : Ahmedabad

**Bhavik P. Parikh**  
(Company Secretary)

For and on behalf of the Board of Directors of  
**Lincoln Pharmaceuticals Limited**

**M.G. Patel** (Managing Director) (DIN : 00104706)

**R.G. Patel** (Jt. Managing Director) (DIN : 00104786)

**H.I. Patel** (Whole Time Director) (DIN : 00104834)

Date : 30-05-2017  
Place : Ahmedabad





**LINCOLN**

**Consolidated Statement of Profit and Loss for the Year Ended on 31-03-2017**

| Particulars  | Refer<br>Note<br>No. | For the year<br>ended on<br>31-03-2017<br>₹ | For the year<br>ended on<br>31-03-2016<br>₹ |
|--|----------------------|---|---|
| Revenue from Operations  | 19                   | 3,65,72,51,154                              | 4,06,01,39,692                              |
| Less : Excise Duty   |                      | 5,08,25,634                                 | 5,86,35,917                                 |
| Net Revenue from Operations                                      |                      | 3,60,64,25,520                              | 4,00,15,03,775                              |
| Other Income   | 20                   | 2,89,39,215                                 | 7,36,03,765                                 |
| <b>Total Revenue</b>   |                      | <b>3,63,53,64,735</b>                       | <b>4,07,51,07,540</b>                       |
| Cost of Materials Consumed                                       | 21                   | 78,19,35,953                                | 71,78,70,067                                |
| Purchases of Stock-In-Trade                                      | 22                   | 1,45,54,56,255                              | 2,10,10,98,722                              |
| Changes in Inventories Of Finished goods, WIP and Stock-In-Trade | 23                   | (6,63,55,069)                               | (4,44,55,685)                               |
| Employee Benefits Expense  | 24                   | 37,64,97,230                                | 28,82,88,353                                |
| Finance Costs  | 25                   | 6,99,48,810                                 | 9,96,19,902                                 |
| Depreciation and Amortization Expense                            | 11                   | 5,53,64,328                                 | 4,86,58,103                                 |
| Other expenses   | 26                   | 59,40,86,928                                | 53,33,73,445                                |
| <b>Total Expenses</b>  |                      | <b>3,26,69,34,532</b>                       | <b>3,74,44,52,908</b>                       |
| <b>Profit before tax</b>   |                      | <b>36,84,30,204</b>                         | <b>33,06,54,633</b>                         |
| <b>Tax Expense:</b>  |                      |   |   |
| Current Tax  |                      | 7,75,03,039                                 | 6,94,39,885                                 |
| Deferred Tax   |                      | 2,00,36,956                                 | 2,32,18,121                                 |
| <b>Total Tax Expense</b>   |                      | <b>9,75,39,995</b>                          | <b>9,26,58,006</b>                          |
| <b>Profit (Loss) for the period before Minority Interest</b>     |                      | <b>27,08,90,209</b>                         | <b>23,79,96,627</b>                         |
| <b>Profit Attributable to minority Interest</b>                  |                      | <b>2,41,729</b>                             | <b>11,74,142</b>                            |
| <b>Profit /(Loss) for the period</b>                             |                      | <b>27,06,48,479</b>                         | <b>23,68,22,485</b>                         |
| <b>Earnings per equity share:</b>                                | <b>27(f)</b>         |   |   |
| Basic earnings per share of Rs.10 each                           |                      | 15.14                                       | 14.52                                       |
| Diluted earnings per share of Rs.10 each                         |                      | 15.14                                       | 14.16                                       |
| Significant Accounting Policies                                  | 1                    |   |   |
| Notes on Financial Statements                                    | 2 to 26              |   |   |

As per our report of even date  
**For J.T. Shah & Co.**  
Chartered Accountants  
(Firm Regd. No. 109616W)

**(J.T.SHAH)**  
Parther  
(M.No.3983)

Date : 30-05-2017  
Place : Ahmedabad

**Bhavik P. Parikh**  
(Company Secretary)

For and on behalf of the Board of Directors of  
**Lincoln Pharmaceuticals Limited**

**M.G. Patel** (Managing Director) (DIN : 00104706)

**R.G. Patel** (Jt. Managing Director) (DIN : 00104786)

**H.I. Patel** (Whole Time Director) (DIN : 00104834)

Date : 30-05-2017  
Place : Ahmedabad

**Consolidated Cash Flow Statement For The Year Ended 31-03-2017**

| <b>PARTICULARS</b>   | <b>For the year ended<br/>on 31-03-2017</b> | <b>For the year ended<br/>on 31-03-2016</b> |
|--|---|---|
| <b>Cash flow from Operations</b>                                   |   |   |
| Net Profit Before Tax & Extra-Ordinary Items.                      | 36,84,30,203                                | 33,06,55,263                                |
| <b>Adjustments for:-</b>   |   |   |
| Depreciation & Amortization  | 5,53,64,426                                 | 4,86,58,103                                 |
| Bad Debt W/off   | 76,80,594                                   | 2,22,15,973                                 |
| (Profit)/loss on sale of Fixed Assets                              | 59,277                                      | 36,16,876                                   |
| Finance Charges Paid   | 6,99,48,380                                 | 9,96,19,272                                 |
| Dividend Income  | (2,064)                                     | (2,064)                                     |
| Interest Income  | (2,00,40,501)                               | (3,65,89,733)                               |
| <b>Cash flow from Operating Activities</b>                         | <b>48,14,40,316</b>                         | <b>46,81,73,690</b>                         |
| <b>Changes in Current Assets &amp; Current Liability</b>           |   |   |
| Increase/ (Decrease) in Current Liability                          | (2,56,44,304)                               | 1,88,30,903                                 |
| Increase/ (Decrease) in trade payable                              | (4,31,01,513)                               | (14,28,16,320)                              |
| (Increase/ (Decrease) in other long term Liability                 | 30,06,605                                   | 21,66,969                                   |
| (Increase/ (Decrease) in trade Receivable                          | (13,12,21,977)                              | 37,04,62,065                                |
| (Increase/ (Decrease) in Inventories                               | (9,82,41,045)                               | (5,66,35,446)                               |
| (Increase)/Decrease in long term Loans & Advance                   | 4,75,76,943                                 | (12,08,85,404)                              |
| (Increase)/Decrease in short term Loans & Advance                  | 6,94,26,249                                 | (2,30,78,795)                               |
| <b>Net cash from operating activities of Continuing operations</b> | <b>30,32,41,273</b>                         | <b>51,62,17,663</b>                         |
| Income Tax Paid  | (9,70,08,109)                               | (6,82,30,183)                               |
| <b>Net cash from operations- (A)</b>                               | <b>20,62,33,164</b>                         | <b>44,79,87,480</b>                         |
| <b>Cash flow from Investing Activities</b>                         |   |   |
| Purchase of Fixed Asset  | (17,60,20,086)                              | (33,72,96,960)                              |
| Sale of Fixed Asset  | 1,70,000                                    | 17,26,000                                   |
| Sale of Other Investment   | 81,59,814                                   | (1,20,98,986)                               |
| Margin Money Deposit (Net)   | (10,20,00,000)                              | Nil   |
| Investment In Shares of Subsidiary Company                         | Nil   | (7,34,02,757)                               |
| Dividend Received  | 2,064                                       | 2,064                                       |
| Interest Received  | 4,00,98,171                                 | 31,98,019                                   |
| <b>Net cash from Investing Activities- (B)</b>                     | <b>(22,95,90,037)</b>                       | <b>(41,78,72,620)</b>                       |



| PARTICULARS  | For the year ended<br>on 31-03-2017 | For the year ended<br>on 31-03-2016 |
|--|-------------------------------------|-------------------------------------|
| <b>Cash flow from Financing Activities</b>   |                                     |                                     |
| Increase/ (Decrease) in Long Term Borrowings   | (5,23,70,815)                       | 1,56,15,470                         |
| Increase/ (Decrease) in Short Term Borrowings  | (6,57,56,173)                       | Nil                                 |
| Money received against Share Warrants  | 22,68,85,800                        | 7,56,28,600                         |
| Dividend Paid (Including Dividend Distribution Tax)  | (1,95,71,136)                       | (1,97,23,808)                       |
| Finance Charges Paid   | (6,99,48,380)                       | (10,57,03,773)                      |
| <b>Net cash from Financing Activities-(C)</b>  | <b>1,92,39,296</b>                  | <b>(3,41,83,511)</b>                |
| <b>Net Increase / (decrease) in cash &amp; cash equivalents- A+B+C</b>                                     | <b>(41,17,578)</b>                  | <b>(40,68,649)</b>                  |
| <b>Cash &amp; cash equivalents at the beginning of the year</b>  | <b>3,42,98,762</b>                  | <b>3,74,54,264</b>                  |
| Reduction of Opening balance of Cash and Cash Equivalent<br>Balance due to reduction of Subsidiary Company | Nil                                 | 9,13,147                            |
| Restated Cash & Cash equivalents at the beginning of the year<br>(Refer Note No.4 Specified Below)         | 3,42,98,762                         | 3,83,67,411                         |
| <b>Cash &amp; cash equivalents at the end of the year</b>  | <b>3,01,81,184</b>                  | <b>3,42,98,762</b>                  |
| <b>Net Increase / (decrease) in cash &amp; cash equivalents</b>  | <b>(41,17,578)</b>                  | <b>40,68,649</b>                    |

## Notes to Cash Flow Statements

- All Figures with negative sign are outflows.
- The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statement
- Cash and Cash Equivalents included in Cash Flow Statement comprise of Following Balance Sheet Amount

**Cash & Bank Balances**

|                     |             |             |
|---------------------|-------------|-------------|
| Balances With Banks | 2,72,60,607 | 3,06,42,066 |
| Cash On Hand        | 29,20,577   | 36,56,696   |

**Cash & Cash Equivalent As Restated in Cash Flow Statement**

|                    |                    |
|--------------------|--------------------|
| <b>3,01,81,184</b> | <b>3,42,98,762</b> |
|--------------------|--------------------|

- Opening Balance of Cash & Cash Equivalents are Net of Adjustment Pursuant to Inclusion of Subsidiary namely Zullinc Healthcare LLP.

As per our report of even date

**For J.T. Shah & Co.**

Chartered Accountants

(Firm Regd. No. 109616W)

**(J.T.SHAH)**

Parther

(M.No.3983)

Date : 30-05-2017

Place : Ahmedabad

**Bhavik P. Parikh**  
(Company Secretary)

For and on behalf of the Board of Directors of  
**Lincoln Pharmaceuticals Limited****M.G. Patel** (Managing Director) (DIN : 00104706)**R.G. Patel** (Jt. Managing Director) (DIN : 00104786)**H.I. Patel** (Whole Time Director) (DIN : 00104834)

Date : 30-05-2017

Place : Ahmedabad

## 1. Statement of significant accounting policies

### i) Corporate Information

The Lincoln Pharmaceuticals Limited ('the Company') is a listed company, incorporated under the provisions of the Companies Act 1956, having its registered office in the State of Gujarat, India. The shares of the company are listed on BSE and NSE. The Company is engaged in the business of manufacturing and trading of pharmaceutical products. The company has two subsidiaries namely Lincoln Parenteral Limited and Zullinc Healthcare LLP engaged in the business of pharmaceutical products.

### ii) Basis of Preparation:

These financial statements are prepared on accrual basis of accounting, following historical cost convention, in accordance with the provisions of the Companies Act, 2013 ('the Act'), accounting principles generally accepted in India and comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

### iii) Principles of Consolidation

- The Financial Statements of the Parent Company and its Subsidiaries have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and unrealized profits.
- The Financial Statements of the Parent Company and its Subsidiary have been consolidated using uniform accounting policies.
- The excess of the Cost of the Parent Company of its investments in Subsidiary over its share of equity in the Subsidiary Company, on the acquisition date, is recognized in financial statement as goodwill.
- Minority interest in the net income and net assets of the consolidated financial statements are computed and shown separately.
- The unamortized carrying value of goodwill is tested for impairment as at each balance sheet date.
- Following Subsidiaries have been considered for the purpose of Consolidation:-

| Name of the Company      | Country of Incorporation | % of Holding as on 31/03/2017 | % of Holding as on 31/03/2016 | Accounting Period   |
|--------------------------|--------------------------|-------------------------------|-------------------------------|---|
| Zullinc Healthcare LLP   | India                    | 100%                          | 100%                          | Considered for the period 01/04/2016 to 31/03/2017 & 01/04/2015 to 31/03/2016 |
| Lincoln Parental Limited | India                    | 98.58%                        | 98.58%                        | Considered for the period 01/04/2016 to 31/03/2017 & 01/04/2015 to 31/03/2016 |

### iv) Presentation and disclosure of financial statements

The accounts are presented in accordance with the revised Schedule III notified under the Act.

### v) Use of estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

### vi) Property, Plant & Equipment

Property, Plant & Equipment is stated at historical cost less accumulated depreciation. Cost comprises purchase price, duties, levies and other directly attributable expenses of bringing the asset to its working condition for the intended use. Borrowing costs directly attributable to acquisition or construction of those Property, Plant & Equipment, which necessarily take a substantial period of time to get ready for their intended use, are capitalized. Advances paid towards acquisition of Property, Plant & Equipment and the cost of assets acquired but not ready for use as at the balance sheet date are disclosed under capital work-in-progress.

Depreciation on Property, Plant & Equipment excluding land is provided on straight line method at the rates derived based on the life specified under Schedule II to the Companies Act, 2013. In respect of Property, Plant & Equipment purchased during the period, depreciation is provided on a pro-rata basis from the date on which such asset is ready to be put to use.

Individual assets costing less than Rs.5,000/- are fully depreciated in the year of capitalization.

### vii) Intangible Assets

Intangible assets are stated at historical cost less accumulated amortisation. Cost comprises purchase price, duties, levies and other directly attributable expenses of bringing the assets to its working condition for the intended use.

Intangible assets are amortised on a straight – line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management.

When assets are retired from active use, the same are valued at lower of Net Book Value and Net realisable Value.

The gain or loss arising on the disposal of an intangible asset is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised as income or expenses in the Statement of Profit and Loss in the year or disposal.

When assets are disposed or retired, their cost is removed from the financial statements. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss for the relevant financial year.

#### **viii) Leases**

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the Statement of Profit and Loss. Lease management fees, legal charges and other initial direct costs of lease are capitalised. The company has entered into finance lease agreements for computer Equipments & Software, vehicle hire etc. Amounts paid ₹Nil/- (P.Y. ₹89,923/-) during the year under such agreements have been expenses in the statement of profit and loss.

A leased asset is depreciated on straight-line basis over the useful life of the asset or the useful life prescribed in Schedule II to the Act, whichever is shorter. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the leased asset is depreciated on straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life prescribed in Schedule II to the Act.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term. These agreements are cancellable by giving a short notice by either of the parties to the agreement. There are no subleases. There are no restrictions imposed by lease agreement/arrangements.

#### **ix) Impairment:**

In accordance with accounting standard 28 on 'Impairment of assets', the Company assesses at each balance sheet date whether there is an indication that assets of the Company may be impaired. Where any such indication exists the company estimates the recoverable amount of the assets. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated at the higher of its net selling price and its value in use. An impairment charge is recognised whenever the carrying amount of the asset or cash-generating unit exceeds its recoverable amount.

#### **x) Inventories:**

##### **Raw Materials, Containers, Stores and Spares**

Raw materials, packing materials, stores, spares and consumables are valued at lower of cost (net of refundable taxes and duties) and net realizable value. The cost of these items of inventory are determined on FIFO basis and comprises of cost of purchase and other incidental costs incurred to bring the inventories to their present location and condition.

Finished Goods and Work-in-process

Work in progress and finished goods are valued at lower of cost and net realizable value. The cost of Work-in-process of inventory is determined on weighted average basis. The cost of work in process and finished goods includes cost of conversion and other costs incurred to bring the inventories to their present location and condition.

##### **Stock In Trade**

Stock In Trade is valued at lower of cost and net realizable value. Cost is determined on FIFO basis. Excise Duty in respect of finished goods lying in factory premises are provided for and included in valuation of inventory in case of non Export Items.

#### **xi) Employee benefits**

Short-term employee benefits are recognized as an expense in the statement of profit and loss of the year in which the related service is rendered. Cost of post employment benefits relating to Defined Contribution Plans such as contribution to Provident Fund employee pension fund etc are recognized as an expense in the profit and loss account of the year in which the related service is rendered. The Company has Defined Benefit Plan for post employment benefits in the form of Gratuity for all employees administered through trust, funded with Life Insurance Corporation of India. Liability for the this Defined Benefit Plans is provided on the basis of actuarial valuation, as at the balance sheet date, carried out by independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit Method. The actuarial gains and losses arising during the year are recognized in the Profit & Loss Account for the year

#### **xii) Research and Development Costs**

Research and development costs incurred for development of products are charged to revenue as incurred, except for development costs relating to the design and testing of new or improved materials, products or processes which are recognized as intangible assets to the extent that it is expected that such assets will generate future economic benefits. Research and development expenditure of capital nature is added to fixed assets.

**xiii) Revenue Recognition:**

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer. Sales are stated net of excise duty, sales tax and trade discounts.

Interest on deployment of surplus funds is recognized using the time-proportion method, based on interest rates implicit in the transaction based on reasonable certainty of receipt.

Interest on advances is recognized when the ultimate collection is not uncertain.

Dividend income is recognized when the right to receive dividend is established.

**xiv) Taxation**

Income tax expense comprises current tax expense and deferred tax expense/credit.

**Current tax**

Provision for current tax is calculated in accordance with the provisions of the Income-Tax Act, 1961 and is made annually based on the tax liability computed after considering tax allowances and exemptions. Assets and liabilities representing current tax are disclosed on a net basis when there is a legally enforceable right to set off and where the management intends to settle the asset and liability on a net basis.

**Deferred tax**

Deferred tax liability or asset is recognised for timing differences between the profits/losses offered for income taxes and profits/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is a reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

**xv) Investment**

Current investments are carried at the lower of cost and fair value computed category wise. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made, only if, in the opinion of the management, such a decline is regarded as being other than temporary.

**xvi) Earnings per share ('EPS')**

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti dilutive. The number of equity shares is adjusted for any share splits and bonus shares issued effected prior to the approval of the financial statements by the Board of Directors.

**xvii) Contingencies and provisions**

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

**xviii) Foreign currency transactions**

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. The difference between the actual rate of settlement and the rate on the date of the transaction is charged or credited to profit and loss account. In respect of monetary current assets and liabilities denominated in foreign currencies the overall net gain or loss, if any, on conversion at the exchange rates prevailing on the date of the balance sheet is charged to revenue.

**xix) Segment Reporting**

The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the geographical location of the customers.

**xx) Cash Flow Statement**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statement and presents the cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the cash flow statement consist of cash on hand and short-term investments with an original maturity of three months or less.

**2 Share Capital**
**a. Details of Share Capital**

| Share Capital                         | As at 31-03-2017   |                     | As at 31-03-2016   |                     |
|---------------------------------------|--------------------|---------------------|--------------------|---------------------|
|                                       | Number             | ₹                   | Number             | ₹                   |
| Authorized                            |                    |                     |                    |                     |
| Equity Shares                         |                    |                     |                    |                     |
| Equity Share of ₹. 10 (PY ₹. 10) Each | 2,00,00,000        | 20,00,00,000        | 2,00,00,000        | 20,00,00,000        |
|                                       | 2,00,00,000        | 20,00,00,000        | 2,00,00,000        | 20,00,00,000        |
| Issued, Subscribed & Paid up          |                    |                     |                    |                     |
| Equity Shares                         |                    |                     |                    |                     |
| Equity Share of ₹. 10 (PY ₹. 10) Each | 2,00,00,000        | 20,00,00,000        | 1,63,10,800        | 16,31,08,000        |
|                                       | 2,00,00,000        | 20,00,00,000        | 1,63,10,800        | 16,31,08,000        |
| <b>Total</b>                          | <b>2,00,00,000</b> | <b>20,00,00,000</b> | <b>1,63,10,800</b> | <b>16,31,08,000</b> |

**b Statement of Reconciliation of number of share at the beginning and at the end of the financial year.**
**Equity Share Capital**

| Particulars                                      | As at 31-03-2017   |                     | As at 31-03-2016   |                     |
|--|--------------------|---------------------|--------------------|---------------------|
|  | Number             | ₹                   | Number             | ₹                   |
| Shares outstanding at the beginning of the year  | 1,63,10,800        | 16,31,08,000        | 1,63,10,800        | 16,31,08,000        |
| Addition in Number of Equity Shares of Rs. 10    | 36,89,200          | 3,68,92,000         | Nil                | Nil                 |
| Deduction in Number of Equity Shares of Rs. 10   | Nil                | Nil                 | Nil                | Nil                 |
| <b>Shares outstanding at the end of the year</b> | <b>2,00,00,000</b> | <b>20,00,00,000</b> | <b>1,63,10,800</b> | <b>16,31,08,000</b> |

**c Share holding details of the company As at 31-03-2017 and 31-03-2016, name of persons holding more than 5% shares.**

| Name of Shareholder/Company                 | No. of Shares held |                  |
|---|--------------------|------------------|
|   | As at 31-03-2017   | As at 31-03-2016 |
| Names of person holding more than 5% shares |                    |                  |
| Digital Biotech Pvt. Ltd.                   | 1,400,000          | 1,380,000        |
| <b>Total</b>                                | <b>1,400,000</b>   | <b>1,380,000</b> |

- d The company has only one type of equity share of ₹ 10 each listed on BSE & NSE. Each of the share holders has right give one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Director is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.
- e The company has not issued any shares in pursuant to a contract without receiving the payment in cash during the last five years. The company has also not issued any bonus share during last five years.
- f During the year under review, Company has allotted 36,89,200 Equity Shares pursuant to Conversion of Warrants of Face Value of ₹ 10/- per share each at price of ₹ 82/- per share (including premium of ₹ 72/- per share) on 27th October, 2016



**3 Reserves & Surplus**

| <b>Reserves &amp; Surplus</b>                          | <b>As at<br/>31-03-2017<br/>₹</b> | <b>As at<br/>31-03-2016<br/>₹</b> |
|--|-----------------------------------|-----------------------------------|
| <b>Capital Reserves</b>                                |                                   |                                   |
| Opening Balance  | 35,00,000                         | 35,00,000                         |
| Closing Balance  | 35,00,000                         | 35,00,000                         |
| <b>General Reserve</b>                                 |                                   |                                   |
| Opening Balance  | 62,621,600                        | 57,621,600                        |
| (+) Transfer from Statement of Profit & Loss           | 5,000,000                         | 5,000,000                         |
| Closing Balance  | 67,621,600                        | 62,621,600                        |
| <b>Securities Premium Account</b>                      |                                   |                                   |
| Opening Balance  | 380,544,000                       | 380,544,000                       |
| (+) Security premium received during the year          | 265,622,400                       | Nil                               |
| Closing Balance  | 646,166,400                       | 380,544,000                       |
| <b>Surplus in Statement of Profit &amp; Loss</b>       |                                   |                                   |
| Opening balance  | 719,819,200                       | 515,848,677                       |
| (+) Net Profit/(Net Loss) For the current year         | 27,06,48,479                      | 236,822,485                       |
| (+) Transfer from Reserves                             |                                   |                                   |
| (+) Surplus on Increase of Stake in Subsidiary Company | Nil                               | – 8,220,611                       |
| (-) Proposed Dividends                                 | Nil                               | 16,310,800                        |
| (-) Dividend Tax                                       | Nil                               | 3,320,552                         |
| (-) Transfer to General Reserves                       | 5,000,000                         | 5,000,000                         |
| <b>Closing Balance</b>                                 | <b>98,54,67,680</b>               | <b>719,819,200</b>                |
| <b>Total</b>   | <b>1,70,27,55,680</b>             | <b>1,166,484,800</b>              |

**4 Minority Interest**

| <b>Particulars</b>   | <b>As at<br/>31-03-2017<br/>₹</b> | <b>As at<br/>31-03-2016<br/>₹</b> |
|--|-----------------------------------|-----------------------------------|
| Minority Interest Attributable to 1.4155% of share holders of Lincoln Parental Ltd | 2,178,689                         | 1,936,672                         |
| <b>Total</b>   | <b>2,178,689</b>                  | <b>1,936,672</b>                  |

**5 Long Term Borrowings**
**a Secured Long term Borrowings**

| <b>Long Term Borrowings</b>         | <b>As at<br/>31-03-2017<br/>₹</b> | <b>As at<br/>31-03-2016<br/>₹</b> |
|-------------------------------------|-----------------------------------|-----------------------------------|
| Term Loans From Bank                | 174,947,769                       | 234,381,136                       |
| Vehicle Loan                        | 1,878,334                         | 1,852,725                         |
| <b>Secured Long Term Borrowings</b> | <b>176,826,103</b>                | <b>236,233,861</b>                |

- b** The company has availed the secured term loan from Yes Bank for windmill which is secured against exclusive hypothecation charge on windmill & personal gurranty of Three Promoter directors. The loan is payable in 84 monthly instalment. Interest on said loan shall be payable at Yes Bank Limited Base Rate + 0.15% from time to time.
- c** Vehicle Loan includes loans from finance companies. The Repayment period of these loans ranges from 12 to 36 months & Rate of interest ranging from 10% To 11%. These loans are secured against the asset under finance.
- d** Term loan availed from icici bank secured by way of first charges on entire fixed assets of the company, both present and future , ranking paripassu with ICICI bank limited, india. First charges by way of equitable Mortgage of factory land at Khatraj ranking pari passu with icici bank Ltd, India and owned by the company. Corporate guarantee of lincoln pharmaceuticals limited. Pledge of share 0.8 million of shares of lincoln pharmaceuticals limited and personal guarantee of two directors of the company as well as three directors of lincoln pharmaceutials limited.
- e** First charge on the Fixed Assets company, both present and future ranking pari passu with ICICI Bank Limited, Singapore.
- f** Corporate Guarantee of Lincoln Pharmaceuticals Limited having networth of Rs. 1903 million at March 31, 2017
- g** Unconditional and irrevocable personal Guarantee of Directores.

**6 Deferred Tax Liability**
**a Details of the deferred tax liability**

| Particulars   | As at<br>31-03-2017<br>₹ | As at<br>31-03-2016<br>₹ |
|---|--------------------------|--------------------------|
| <b>Deferred tax liability</b>   |                          |                          |
| On Account of Difference of Depreciation as per Income Tax Provisions & Company Act   | 90,745,783               | 70,394,916               |
| <b>Total DTL</b>  | <b>90,745,783</b>        | <b>70,394,916</b>        |
| <b>Deferred tax asset</b>   |                          |                          |
| Allowance under Income Tax Act, 1961 in succeeding years<br>(Amount Allowable under Provisions of the Income Tax Act, 1961 in subsequent years) | 1,132,773                | 818,862                  |
| <b>Total DTA</b>  | <b>1,132,773</b>         | <b>818,862</b>           |
| <b>Net Deferred Tax Liability</b>   | <b>89,613,010</b>        | <b>69,576,054</b>        |

**b** Policy relating to accounting of deferred tax liability is disclosed at Point No. Xiv to significant accounting policy.

**7 Other Long Term Liabilities**

| Other Long term liabilities   | As at<br>31-03-2017<br>₹ | As at<br>31-03-2016<br>₹ |
|-------------------------------|--------------------------|--------------------------|
| Trade Deposits From Customers | 34,618,914               | 31,612,308               |
| <b>Total</b>                  | <b>34,618,914</b>        | <b>31,612,308</b>        |

**8 Short Term Borrowing**

| Short Term Borrowings                    | As at<br>31-03-2017<br>₹ | As at<br>31-03-2016<br>₹ |
|--|--------------------------|--------------------------|
| <b>a Secured Short term Borrowings</b>   |                          |                          |
| Loans repayable on demand                |                          |                          |
| From Bank                                | 381,480,825              | 436,510,375              |
| <b>Sub Total</b>                         | <b>381,480,825</b>       | <b>436,510,375</b>       |
| <b>b Unsecured Short term Borrowings</b> |                          |                          |
| Loans repayable on demand                |                          |                          |
| From Bank                                | 67,527,570               | 79,739,194               |
| From Related Party                       | 11,485,000               | 10,000,000               |
| <b>Sub Total</b>                         | <b>79,012,570</b>        | <b>89,739,194</b>        |
| <b>Grand Total</b>                       | <b>460,493,395</b>       | <b>526,249,568</b>       |

**c The demand loans from Bank includes working capital loan from State Bank of India. This loan is secured against :**

**a) Primary Security :**

Hypothecation of entire current assets of the company

**b) Collateral Security :**

Charge over entire fixed assets of the company including

- Plot No. 137 of TP Scheme No, 42 land admeasuring area about 850 sq. mtrs and Final Plot No. 138 of TP Scheme No. 42 land admeasuring area about 1397 sq. mtrs. Both situated at Mouje Sola, Taluka Daschroi in registration disctrict Ahmedabad and sub district Ahmedabad-2(Wadaj).
- Piece & Parcel of freehold land situated lying and being at Mouje Khatraj, Taluka Kalol, District Mehsana bearing subplots No. 9/A/1, 9/A/2, 10, 12/A, 12/B & 13 of Block No. 95 of Mouje Khatraj of Kalol taluka admeasuring 1692.94 Sq. mtrs, 3590.30 Sq. mtrs respectively i.e. collectively 12124.84 Sq. mtrs together with building thereon belonging to M/s Lincoln Pharmaceuticals Ltd. and
- Hypothecation of fixed assets of the company excluding windmill

**c) Personal Guarantees of all three promoter directors.**

**9 Other Current Liability**

| Other Current Liabilities            | As at<br>31-03-2017<br>₹ | As at<br>31-03-2016<br>₹ |
|--------------------------------------|--------------------------|--------------------------|
| Current maturities of long-term debt | 17,797,798               | 17,972,482               |
| Unpaid dividends                     | 1,045,657                | 985,441                  |
| Other payables                       |                          |                          |
| Creditor for Expenses                | 6,68,61,829              | 89,986,503               |
| Statutory Liabilities                | 10,375,711               | 13,872,720               |
| Other Current Liability              | 28,201,660               | 28,201,660               |
| Creditor for Capital Goods           | 6,612,284                | —                        |
| Book Overdraft                       | 5,431                    | —                        |
| <b>Total</b>                         | <b>130,900,370</b>       | <b>151,018,806</b>       |

**10 Short Term Provisions**

| Short Term Provisions              | As at<br>31-03-2017<br>₹ | As at<br>31-03-2016<br>₹ |
|------------------------------------|--------------------------|--------------------------|
| Income Tax Provision               | 437,022                  | 2,772,841                |
| Proposed Dividend and Dividend Tax | —                        | 19,631,352               |
| <b>Total</b>                       | <b>437,022</b>           | <b>22,404,193</b>        |

**11 Details of Property, Plant & Equipments, Intangible Assets & Capital Work in Progress**

| Sr. | Particulars                  | Gross Block    |              |              | Accumulated Depreciation |              |                | Net Block   |              |                |            |
|-----|------------------------------|----------------|--------------|--------------|--------------------------|--------------|----------------|-------------|--------------|----------------|------------|
|     |                              | As at          | Additions    | Adjustment   | As at                    | As at        | Depreciation   | Adjustment  | As at        | As at          | As at      |
|     |                              | 01-04-2016     |              | during the   | 31-03-2017               | 01-04-2016   | charge for the | during the  | 31-03-2017   | 31-03-2017     | 31-03-2016 |
|     | ₹                            | ₹              | ₹            | ₹            | ₹                        | ₹            | ₹              | ₹           | ₹            | ₹              |            |
| a   | Property, Plant & Equipments |                |              |              |                          |              |                |             |              |                |            |
|     | Land                         | 11,40,63,836   | 14,60,750    | Nil          | 11,55,24,586             | Nil          | Nil            | Nil         | 11,55,24,586 | 11,40,63,836   |            |
|     | Leased Hold Land             | 40,95,000      | Nil          | Nil          | 40,95,000                | 2,61,000     | 2,16,000       | Nil         | 4,77,000     | 38,34,000      |            |
|     | Buildings                    | 27,82,31,255   | 91,85,455    | Nil          | 28,74,16,710             | 4,96,30,861  | 82,42,519      | Nil         | 5,78,73,380  | 22,95,43,330   |            |
|     | Plant and Equipment          | 58,78,67,781   | 7,27,30,795  | Nil          | 66,05,98,576             | 8,91,23,222  | 3,65,26,530    | Nil         | 12,56,49,752 | 53,49,48,824   |            |
|     | Furniture and Fixtures       | 3,02,22,562    | 43,04,560    | Nil          | 3,45,27,122              | 1,46,94,160  | 26,43,122      | Nil         | 1,73,37,282  | 1,71,89,840    |            |
|     | Vehicles                     | 3,46,10,241    | 82,27,804    | 8,67,865     | 4,19,70,180              | 1,51,16,744  | 35,63,931      | 6,38,588    | 1,80,42,087  | 2,39,28,093    |            |
|     | Office equipment             | 76,19,359      | 5,74,841     | Nil          | 81,94,199                | 66,83,744    | 2,35,602       | Nil         | 69,19,346    | 12,74,853      |            |
|     | Electrical Installation      | 1,20,02,621    | 4,11,451     | Nil          | 1,24,14,072              | 73,20,419    | 5,87,557       | Nil         | 79,07,976    | 45,06,096      |            |
|     | Computers                    | 2,66,81,358    | 22,40,116    | Nil          | 2,89,21,474              | 2,26,32,880  | 20,99,491      | Nil         | 2,47,32,371  | 41,89,103      |            |
|     | Total                        | 1,09,53,94,012 | 9,91,35,772  | 8,67,865     | 1,19,36,61,920           | 20,54,63,030 | 5,41,14,752    | 6,38,588    | 25,89,39,194 | 93,47,22,725   |            |
|     | Previous Year                | 80,66,84,251   | 33,73,17,444 | 4,86,07,682  | 1,09,53,94,013           | 20,32,93,358 | 4,54,34,478    | 4,32,64,806 | 20,54,63,030 | 88,99,30,979   |            |
| b   | Intangible Assets            |                |              |              |                          |              |                |             |              |                |            |
|     | Goodwill                     | 9,22,56,360    | Nil          | Nil          | 9,22,56,360              | Nil          | Nil            | Nil         | 9,22,56,360  | 9,22,56,360    |            |
|     | Computer software            | 2,12,97,690    | 24,41,515    | Nil          | 2,37,39,205              | 1,87,41,025  | 12,49,673      | Nil         | 1,99,90,698  | 37,48,507      |            |
|     | Total                        | 11,35,54,050   | 24,41,515    | Nil          | 11,59,95,565             | 1,87,41,025  | 12,49,673      | Nil         | 1,99,90,698  | 9,60,04,867    |            |
|     | Previous Year                | 6,83,37,687    | 9,66,320     | Nil          | 11,35,54,050             | 1,55,17,398  | 32,23,627      | Nil         | 1,87,41,025  | 9,48,13,025    |            |
|     | Total Previous year          | 87,50,21,938   | 33,82,83,764 | 4,86,07,682  | 1,20,89,48,063           | 21,88,10,756 | 4,86,58,105    | 4,32,64,806 | 22,42,04,054 | 98,47,44,005   |            |
|     | Total                        | 1,20,89,48,063 | 10,15,77,287 | 8,67,865     | 1,30,96,57,485           | 22,42,04,055 | 5,53,64,425    | 6,38,588    | 27,89,29,892 | 1,03,07,27,593 |            |
| c   | Capital Work In Progress     | 2,72,91,103    | 4,27,25,835  | 37,08,223    | 6,63,08,715              | Nil          | Nil            | Nil         | Nil          | 6,63,08,715    |            |
|     | Total                        | 2,72,91,103    | 4,27,25,835  | 37,08,223    | 6,63,08,715              | Nil          | Nil            | Nil         | Nil          | 6,63,08,715    |            |
|     | Previous Year                | 2,54,63,135    | 7,56,72,366  | 7,38,44,398  | 2,72,91,103              | Nil          | Nil            | Nil         | Nil          | 2,72,91,103    |            |
|     | Total                        | 1,23,62,39,165 | 14,43,03,122 | 45,76,088    | 1,37,59,66,199           | 22,42,04,055 | 5,53,64,425    | 6,38,588    | 27,89,29,892 | 1,09,70,36,307 |            |
|     | Previous Year figures        | 90,04,85,073   | 41,39,56,129 | 12,24,52,080 | 1,23,62,39,166           | 21,88,10,756 | 4,86,58,105    | 4,32,64,806 | 22,42,04,054 | 1,01,20,35,108 |            |

**NOTES**

- Pursuant to the Companies Act, 2013 ('the Act'), becoming effective from 1st April, 2014, the Company has reworked depreciation with reference to the estimated useful life of fixed assets prescribed under Schedule II to the Act.
- Policy relating to accounting of fixed assets & Depreciation is disclosed at Point No v & vi respectively to significant accounting policy.

**12 Non Current Investments**

| Particulars   | As at<br>31-03-2017<br>₹            |                       | As at<br>31-03-2016<br>₹ |            |            |         |                                 |   |    |
|---|-------------------------------------|-----------------------|--------------------------|------------|------------|---------|---------------------------------|---|----|
| a Summarized information of investments   |                                     |                       |                          |            |            |         |                                 |   |    |
| Other Investments   |                                     |                       |                          |            |            |         |                                 |   |    |
| Investment in Equity instruments of other companies   | 26,400                              |                       | 26,400                   |            |            |         |                                 |   |    |
| Investments in Government Securities  | 29,000                              |                       | 29,000                   |            |            |         |                                 |   |    |
| Total   | 55,400                              |                       | 55,400                   |            |            |         |                                 |   |    |
| b Summarized details of quoted and unquoted investments and market values in case of quoted investments           |                                     |                       |                          |            |            |         |                                 |   |    |
| Aggragate of Quoted Investment  | Nil                                 |                       | Nil                      |            |            |         |                                 |   |    |
| Aggragate of Unquoted Investment  | 55,400                              |                       | 55,400                   |            |            |         |                                 |   |    |
| Market Value of Quoted Investment   | Nil                                 |                       | Nil                      |            |            |         |                                 |   |    |
| c Policy relating to accounting of investments is disclosed at Point no Xiv to the significant accounting policy. |                                     |                       |                          |            |            |         |                                 |   |    |
| d Details of Other Investments  |                                     |                       |                          |            |            |         |                                 |   |    |
| Sr. No.   | Name of the Body Corporate          | No. of Shares / Units |                          | Face Value | Amount (₹) |         | Whether stated at Cost Yes / No | If not valued at cost than Basis of Valuation |    |
|   |                                     | 2016-17               | 2015-16                  | 2016-17    | 2015-16    | 2016-17 | 2015-16                         |   |    |
| a   | Investment in Equity Instruments    |                       |                          |            |            |         |                                 |   |    |
|   | Unquoted                            |                       |                          |            |            |         |                                 |   |    |
|   | Navnirman Co operative Bank Limited | 1,056                 | 1,056                    | 25         | 25         | 26,400  | 26,400                          | Yes   | NA |
|   | Total                               |                       |                          |            |            | 26,400  | 26,400                          |   |    |
| b   | Other Investments                   |                       |                          |            |            |         |                                 |   |    |
|   | National Saving Certificate         |                       |                          |            |            | 29,000  | 29,000                          | Yes   | NA |
|   | Other non-current investments       |                       |                          |            |            | 29,000  | 29,000                          |   |    |
|   | Total                               |                       |                          |            |            | 55,400  | 55,400                          |   |    |

**13 Long Term Loans and Advances**

(Unsecured, considered good otherwise Stated)

| Long Term Loans and Advances       | As at              |  | As at              |  |
|------------------------------------|--------------------|--|--------------------|--|
|                                    | 31-03-2017         |  | 31-03-2016         |  |
|                                    | ₹                  |  | ₹                  |  |
| Capital Advances                   | 46,833,475         |  | 4,441,000          |  |
| Security Deposits                  | 5,882,345          |  | 8,508,291          |  |
| Loans and Advance to Other Parties | 199,581,632        |  | 253,219,441        |  |
| <b>Total</b>                       | <b>252,297,452</b> |  | <b>266,168,732</b> |  |

**14 Inventories**

| Inventories      | As at              |  | As at              |  |
|------------------|--------------------|--|--------------------|--|
|                  | 31-03-2017         |  | 31-03-2016         |  |
|                  | ₹                  |  | ₹                  |  |
| Raw Material     | 79,836,493         |  | 56,949,904         |  |
| Packing Material | 39,242,957         |  | 30,243,570         |  |
| Work In Progress | 24,511,591         |  | 27,038,839         |  |
| Stock in Trade   | 15,93,37,722       |  | 9,80,90,235        |  |
| Finished Goods   | 7,01,31,538        |  | 6,24,96,708        |  |
| <b>Total</b>     | <b>373,060,301</b> |  | <b>274,819,256</b> |  |

Policy relating to accounting of inventory is disclosed at Point No. x to significant accounting policy.

**15 Current Investment**
**a Summarized information of investments**

| Particulars   | As at<br>31-03-2017<br>₹ | As at<br>31-03-2016<br>₹ |
|---|--------------------------|--------------------------|
| <b>Trade Investments</b>  |                          |                          |
| 3,947,201.381 (Previous year Nil) Units of SBI Savings Fund - Direct Plan - Growth option | 10,20,00,000             | Nil                      |
| <b>Total</b>  | <b>10,20,00,000</b>      | <b>Nil</b>               |
| <b>Aggregate amount of Mutual Funds</b>   | 10,20,00,000             | Nil                      |
| <b>NAV of Mutual Funds</b>  | 10,24,51,191             | Nil                      |

**16 Trade Receivable**
**a Details of Trade Receivable**

| Trade Receivables   | As at<br>31-03-2017<br>₹ | As at<br>31-03-2016<br>₹ |
|---|--------------------------|--------------------------|
| <b>Outstanding for a period exceeding six months from the date they are due</b>     |                          |                          |
| Secured, considered good  | Nil                      | Nil                      |
| Unsecured, considered good  | 17,80,51,183             | 136,107,896              |
| Unsecured, considered doubtful  | Nil                      | Nil                      |
|   | <b>17,80,51,183</b>      | <b>136,107,896</b>       |
| <b>Outstanding for a period not exceeding six months from the date they are due</b> |                          |                          |
| Unsecured, considered good  | 73,43,99,670             | 669,131,257              |
|   | <b>73,43,99,670</b>      | <b>669,131,257</b>       |
| <b>Total</b>  | <b>91,25,31,861</b>      | <b>805,250,780</b>       |

**17 Cash and Bank Balances**
**a Cash and Cash Equivalent**

| Cash and Bank Balances | As at<br>31-03-2017<br>₹ | As at<br>31-03-2016<br>₹ |
|------------------------|--------------------------|--------------------------|
| Balances with banks    | 27,260,607               | 30,642,066               |
| Cash on hand           | 2,920,577                | 3,656,696                |
| <b>Total</b>           | <b>30,181,184</b>        | <b>34,298,762</b>        |

**b Other Bank Balances**

| Other Cash Balances                  | As at<br>31-03-2017<br>₹ | As at<br>31-03-2016<br>₹ |
|--------------------------------------|--------------------------|--------------------------|
| Margin Money                         | 84,566,489               | 91,313,075               |
| Bank Balances Earmarked for Dividend | 1,045,657                | 985,441                  |
| <b>Total</b>                         | <b>85,612,146</b>        | <b>92,298,515</b>        |

The Other Bank Balance includes Rs. 10,45,656/- (PY Rs. 9,85,441/-) towards unclaimed dividend which have been kept in separate earmarked account and no transactions except for the stated purpose are done through such account.

**18 Short-Term Loans and Advances (Unsecured, considered good otherwise Stated)**

| Short-term loans and advances        | As at<br>31-03-2017<br>₹ | As at<br>31-03-2016<br>₹ |
|--------------------------------------|--------------------------|--------------------------|
| Advances For Goods                   | 29,601,405               | 121,843,492              |
| Loans and advance to related parties | 99,50,000                | 99,50,000                |
| Loans and advance to other parties   | 30,987,970               | 18,703,013               |
| Prepaid Expense                      | 645,434                  | 488,648                  |
| Balance With Government Authorities  | 127,118,510              | 112,111,940              |
| Advance tax Net of Provision         | 17,169,246               | Nil                      |
| <b>Total</b>                         | <b>215,472,565</b>       | <b>263,097,092</b>       |

**19 Revenue From Operations**

| a Particulars                      | For the year ended on<br>31-03-2017<br>₹ | For the year ended on<br>31-03-2016<br>₹ |
|------------------------------------|--|--|
| Sale of products (Inc Excise Duty) | 3,537,195,478                            | 3,935,058,634                            |
| Sale of Services                   | 20,480,517                               | 30,822,542                               |
| Export Incentive                   | 99,575,160                               | 94,258,517                               |
| <b>Total</b>                       | <b>3,657,251,154</b>                     | <b>4,060,139,692</b>                     |

b Policy relating to accounting of revenue is disclosed at Point No xiii to the significant accounting policy.

**20 Other Income**

| Particulars                                 | For the year ended on<br>31-03-2017<br>₹ | For the year ended on<br>31-03-2016<br>₹ |
|---|--|--|
| Interest income                             | 25,104,537                               | 36,589,733                               |
| Gain/(loss) on sale of Asset                | Nil                                      | 380,069                                  |
| Dividend Income from non current investment | 2,064                                    | 2,064                                    |
| Exchange Rate Difference                    | 2,504,883                                | 30,506,614                               |
| Other Miscellenious Income                  | 1,327,732                                | 6,125,285                                |
| <b>Total</b>                                | <b>28,939,215</b>                        | <b>73,603,765</b>                        |

**21. Cost Of Material Consumed**
**a. Details of Material consumption**

| Particulars                                  | For the year ended on<br>31-03-2017<br>₹ | For the year ended on<br>31-03-2016<br>₹ |
|--|--|--|
| <b>Raw Material</b>                          |  |  |
| Stock at the beginning of the financial year | 56,949,904                               | 49,787,642                               |
| Purchase during the year                     | 541,163,017                              | 486,906,566                              |
| Other direct purchase costs                  | 7,935,142                                | 10,071,657                               |
| <b>Total</b>                                 | <b>606,048,063</b>                       | <b>546,765,865</b>                       |
| Stock at the end of the financial year       | 79,836,493                               | 56,949,904                               |
| Cost of Consumption of Raw Material          | 526,211,570                              | 489,815,961                              |
| <b>Packing Materials</b>                     |  |  |
| Stock at the beginning of the financial year | 30,243,570                               | 25,226,072                               |
| Purchase during the year                     | 264,723,770                              | 233,071,605                              |
| Other direct costs                           | Nil                                      | Nil                                      |
| <b>Total</b>                                 | <b>294,967,340</b>                       | <b>258,297,677</b>                       |
| Stock at the end of the financial year       | 39,242,957                               | 30,243,570                               |
| Cost of Consumption of Packing Materials     | 255,724,383                              | 228,054,107                              |
| <b>Total Material consumption</b>            | <b>781,935,953</b>                       | <b>717,870,067</b>                       |

**21. Cost Of Material Consumed [Contd...]**
**b. Details of material consumption under broad heads**

| <b>Sr.</b> | <b>MATERIAL NAME</b>                    | <b>For the year ended on 31-03-2017</b> | <b>For the year ended on 31-03-2016</b> |
|------------|---|---|---|
|            |   | ₹                                       | ₹                                       |
| 1          | Paracetamol B.P. / I.P.                 | 79,263,651                              | 77,640,467                              |
| 2          | Ceftriaxone Sodium Ster                 | 17,982,678                              | 14,260,419                              |
| 3          | Alpha.Beta.Arteether                    | —                                       | 9,237,474                               |
| 4          | Diclofenac Sodium B.P. / I.P.           | 6,828,804                               | 6,604,614                               |
| 5          | Ciprofloxacin Hcl Eq. Ciprofloxacin Bp. | 30,955,000                              | 4,232,778                               |
| 6          | Artemether                              | 7,797,000                               | 4,527,835                               |
| 7          | Menthol ( Crystal)                      | 4,234,500                               | 2,698,811                               |
| 8          | Ibuprofen B.P.                          | 17,487,433                              | 26,804,690                              |
| 9          | Cefixime (Trihydrate) Usp               | 4,385,000                               | 4,192,500                               |
| 10         | Azithromycin I.P & U.S.P.               | 7,503,328                               | 5,308,058                               |
| 11         | Artesunate (Sterile Powder)             | 413,717                                 | 512,227                                 |
| 12         | Codeine Phosphate                       | —                                       | 11,905,501                              |
| 13         | Surcose                                 | —                                       | 4,694,794                               |
| 14         | Arteether                               | —                                       | 4,329,436                               |
| 15         | Chloramphenicol Sodium Succinate        | —                                       | 3,455,669                               |
| 16         | Other                                   | 605,084,842                             | 357,364,373                             |
|            | <b>Total</b>                            | <b>781,935,953</b>                      | <b>537,769,646</b>                      |

**22. Purchases of Stock-in-Trade**
**a Details of Purchases of Stock-in-Trade.**

| <b>Particulars</b>         | <b>For the year ended on 31-03-2017</b> | <b>For the year ended on 31-03-2016</b> |
|----------------------------|---|---|
|                            | ₹                                       | ₹                                       |
| Purchase of Stock In Trade |   |   |
| Stock In Trade             | 1,455,456,255                           | 2,101,098,722                           |
| <b>Total</b>               | <b>1,455,456,255</b>                    | <b>2,101,098,722</b>                    |

**b Details of Purchases of Stock-in-Trade under braod head**

| <b>Product</b>        | <b>For the year ended on 31-03-2017</b> | <b>For the year ended on 31-03-2016</b> |
|-----------------------|---|---|
|                       | ₹                                       | ₹                                       |
| <b>Stock in Trade</b> |   |   |
| Tablets               | 425,771,167                             | 706,895,702                             |
| Capsules              | 106,824,023                             | 124,165,804                             |
| Cream In Tubes        | 30,613,694                              | 28,391,200                              |
| Dry Powder Injection  | 93,315,865                              | 109,808,930                             |
| Liquid In Bottle      | 238,677,027                             | 237,844,677                             |
| Liquid Injection      | 324,723,325                             | 315,480,666                             |
| Pharma Products       | 235,531,155                             | 578,511,743                             |
| <b>TOTAL</b>          | <b>1,455,456,255</b>                    | <b>2,101,098,722</b>                    |



**23 Changes in Inventories of Finished Goods Work in Progress and Stock-in-Trade**

| Particulars                                      | For the year ended on<br>31-03-2017<br>₹ | For the year ended on<br>31-03-2016<br>₹ |
|--|--|--|
| <b>Stock in Trade</b>                            |  |  |
| Stock at the Beginning of the financial year     | 98,090,235                               | 74,791,964                               |
| Stock at the End of the financial year           | 159,337,722                              | 98,090,235                               |
| Trading Goods                                    | (61,247,487)                             | (23,298,271)                             |
| <b>Finished Goods</b>                            |  |  |
| Stock at the Beginning of the financial year     | 6,24,96,708                              | 5,31,52,505                              |
| Stock at the End of the financial year           | 7,01,31,538                              | 6,24,96,708                              |
| Finished Goods                                   | (76,34,830)                              | (93,44,203)                              |
| <b>Work in Progress</b>                          |  |  |
| WIP at the Beginning of the financial year       | 2,70,38,839                              | 1,52,25,628                              |
| WIP at the End of the financial year             | 2,45,11,591                              | 2,70,38,839                              |
| Work in Progress                                 | 25,27,248                                | (1,18,13,211)                            |
| <b>Summary</b>                                   |  |  |
| Inventory at the Beginning of the financial year | 18,76,25,782                             | 14,31,70,097                             |
| Inventory at the End of the financial year       | 25,39,80,851                             | 18,76,25,782                             |
| <b>Change in inventory</b>                       | <b>(6,63,55,069)</b>                     | <b>(4,44,55,685)</b>                     |

**24 Employee Benefits Expense**
**a Employee Benefits Expense**

|                                    | For the year ended on<br>31-03-2017<br>₹ | For the year ended on<br>31-03-2016<br>₹ |
|------------------------------------|--|--|
| Salary, Wages & Bonus              | 352,089,297                              | 269,147,885                              |
| Contribution to Staff Welfare Fund | 14,516,027                               | 12,366,127                               |
| Staff Welfare Expenses             | 9,891,906                                | 6,774,341                                |
| <b>Total</b>                       | <b>376,497,230</b>                       | <b>288,288,353</b>                       |

b Policy relating to accounting of employee benefit expnse is disclosed at Point No. Xi to the significant accounting policy.

c Details of Defined Benefit Obligation in respect of gratuity liability is recognized in the balance sheet as under

**I Expense Recongized during the year**

| Particulars                                     | 2016-17          | 2015-16          |
|---|------------------|------------------|
| Current service cost                            | 1,934,295        | 910,448          |
| Interest on obligation                          | 962,628          | 519,868          |
| Past service cost                               | —                | 4,558,994        |
| Expected return on plan assets                  | (693,029)        | (521,899)        |
| Net actuarial losses (gains) recognized in year | 594,441          | (636,558)        |
| <b>Total</b>                                    | <b>2,798,335</b> | <b>4,830,853</b> |

**II Reconciliation of opening and closing balances of defined benefit obligation**

| Particulars  | 2016-17    | 2015-16    |
|--|------------|------------|
| Opening defined benefit obligation                               | 11,928,471 | 6,547,460  |
| Service cost   | 1,934,295  | 910,448    |
| Interest cost  | 962,628    | 519,868    |
| Past Service Cost  | Nil        | 4,558,994  |
| Benefits Paid  | (705,655)  | Nil        |
| Actuarial losses (gains)- Due to change in Financial Assumptions | 594,567    | (151,365)  |
| Actuarial losses (gains)- Due to Experience                      | (304,133)  | (456,934)  |
| Closing Defined Benefit Obligation                               | 14,410,173 | 11,928,471 |

**III Reconciliation of Opening and Closing balances of fair value of plan assets**

| Particulars                                  | 2016-17   | 2015-16   |
|--|-----------|-----------|
| Opening fair value of plan assets            | 8,149,819 | 6,734,739 |
| Expected return                              | 656,581   | 539,865   |
| Actuarial (losses) gains- Due to Experience  | (150,711) | (23,110)  |
| Contributions by employer                    | 425,151   | 898,325   |
| Benefits paid                                | 17,145    | Nil       |
| Closing balance of fair value of plan assets | 9,097,985 | 8,149,819 |

**IV Liability recognized in the financial statement**

| Particulars   | 2016-17     | 2015-16     |
|---|-------------|-------------|
| Opening fair value of plan assets                   | 9,097,985   | 8,149,819   |
| Value of defined benefit obligation                 | 14,410,173  | 11,928,471  |
| (Liability)/Asset recognized in financial statement | (5,312,188) | (3,778,652) |

**V Actuarial Assumptions**

| Particulars                                      | 2016-17   | 2015-16   |
|--|-----------|-----------|
| Indian Assured Lives Mortality(2006-08) Ultimate | (2006-08) | (2006-08) |
| Discounted rate Per Annum                        | 7.52%     | 7.94%     |
| Expected Return on Plan Assets (Per Annum)       | 7.52%     | 7.94%     |
| Future Salary Growth (Per Annum)                 | 6.50%     | 6.50%     |
| Attrition Rate                                   | 2.00%     | 2.00%     |
| Retirement Age                                   | 58 Years  | 58 Years  |

**VI Employee Benefit Disclosure**

| Particulars  | 31.03.2017  | 31.03.2016  | 31.03.2015 | 31.03.2014 | 31.03.2013 |
|--|-------------|-------------|------------|------------|------------|
| Defined benefit obligation                               | 14,410,173  | 11,928,471  | 6,547,460  | 5,090,048  | 5,074,830  |
| Plan asset   | 9,097,985   | 8,149,819   | 6,913,519  | 5,731,834  | 5,095,306  |
| Surplus/(Deficit) or Asset (Liability)                   | (5,312,188) | (3,778,652) | 366,059    | 641,786    | 20,476     |
| Experience adjustments on plan liabilities (Gain) / Loss | (304,133)   | (456,934)   | (857,803)  | (14,135)   | (140,282)  |
| Experience adjustments on plan asset (loss)/ Gain        | (150,711)   | (23,110)    | (278,593)  | 45,012     | 37,777     |

The expected benefits are based on the same assumptions used to measure Group's gratuity obligations as at 31st March, 2016.  
The Company is expected to contribute ` 53,12,188/- to gratuity funds for the year ended 31st March, 2017.

**25 Finance Cost**

| Particulars          | For the year ended on 31-03-2017 | For the year ended on 31-03-2016 |
|----------------------|----------------------------------|----------------------------------|
|                      | ₹                                | ₹                                |
| Interest Expense     | 56,737,568                       | 74,430,130                       |
| Other borrowing cost | 13,211,242                       | 25,189,772                       |
| <b>Total</b>         | <b>69,948,810</b>                | <b>99,619,902</b>                |

**26 Other Expenses**

| Particulars                                    | For the year<br>ended on<br>31-03-2017<br>₹ | For the year<br>ended on<br>31-03-2016<br>₹ |
|--|---|---|
| <b>Manufacturing Expenses</b>                  |   |   |
| Power and Fuel                                 | 53,873,760                                  | 54,929,323                                  |
| Labour Charges                                 | 78,134,737                                  | 79,860,858                                  |
| Laboratory goods & Testing Charges             | 21,913,873                                  | 19,631,364                                  |
| <b>FACTORY EXPENSES</b>                        |   |   |
| Stores And Spares Consumption                  | 10,564,670                                  | 7,515,153                                   |
| Electrical Expense                             | 4,897,357                                   | 1,822,529                                   |
| Factory Expenses                               | 12,491,536                                  | 10,985,099                                  |
| Inspection Fees                                | 1,992,588                                   | 374,287                                     |
| Licence Fee Expense                            | —   | 15,000                                      |
| Loading & Unloading Charges                    | 16,360                                      | 151,785                                     |
| Repairs -other                                 | 10,294,501                                  | 5,311,821                                   |
| Repairs to Machinery                           | 6,552,280                                   | 4,146,880                                   |
| <b>Total Manufacturing Expenses</b>            | <b>200,731,663</b>                          | <b>184,744,100</b>                          |
| <b>Administrative Expenses</b>                 |   |   |
| Audit Fee                                      | 1,235,000                                   | 1,085,000                                   |
| Computer Expense                               | 2,311,928                                   | 2,234,081                                   |
| Conveyance & Vehicle Expense                   | 4,446,710                                   | 3,594,660                                   |
| Donation                                       | 349,000                                     | 487,000                                     |
| Insurance Expense                              | 1,211,526                                   | 2,271,043                                   |
| Legal and Registration Expense                 | 24,386,978                                  | 18,977,027                                  |
| Post & Telephone Expense                       | 4,450,801                                   | 3,600,441                                   |
| Professional & Consulting Fees                 | 18,131,132                                  | 16,674,875                                  |
| Rent   | 29,17,803                                   | 26,58,138                                   |
| Rate & Taxes                                   | 3,11,42,651                                 | 4,15,83,219                                 |
| Repairs to Building                            | 5,679,185                                   | 2,028,819                                   |
| Security Expenses                              | 2,958,391                                   | 2,019,760                                   |
| Other Expenses                                 | 17,400,615                                  | 11,409,228                                  |
| Stationery and Printing Expense                | 3,513,368                                   | 2,617,353                                   |
| Prior Period Expenses                          | 3,515,020                                   | 4,842,908                                   |
| Loss on Sales of Assets                        | 59,277                                      | 3,996,945                                   |
| Loss on Sales of Export Licence                | 2,887,444                                   | 830,760                                     |
| CSR Expenses                                   | 4,200,000                                   | 2,910,000                                   |
| Misc. Expense                                  | 6,060,539                                   | 6,933,851                                   |
| <b>Total Administrative Expenses</b>           | <b>136,857,367</b>                          | <b>130,755,107</b>                          |
| <b>Selling and Distribution Expenses</b>       |   |   |
| Travelling Expenses                            | 45,802,216                                  | 94,613,963                                  |
| Transportation Expenses                        | 23,507,341                                  | 14,560,231                                  |
| Advertisement Expenses                         | 396,287                                     | 968,397                                     |
| Sales Promotion & Marketing Expense            | 123,913,123                                 | 56,667,604                                  |
| Sales Commission                               | 55,198,338                                  | 28,848,066                                  |
| Bad debt Written off                           | 7,680,594                                   | 22,215,976                                  |
| <b>Total Selling and Distribution Expenses</b> | <b>256,497,899</b>                          | <b>217,874,238</b>                          |
| <b>Total Other Expenses</b>                    | <b>594,086,928</b>                          | <b>533,373,445</b>                          |

**26(a) CSR Expense**

| Particulars   | For the year ended on<br>31-03-2017<br>₹ | For the year ended on<br>31-03-2016<br>₹ |
|---|--|--|
| Gross amount required to be spent by the company during the year. | 4,117,884                                | 2,869,137                                |
| Amount spent during the year on                                   |  |  |
| i) Construction/acquisition of any asset                          |  |  |
| In Cash   | Nil                                      | Nil                                      |
| Yet to be paid  | Nil                                      | Nil                                      |
| ii) On purposes other than above                                  |  |  |
| In Cash   | 4,200,000                                | 2,910,000                                |
| Yet to be paid  | Nil                                      | Nil                                      |
| <b>Total</b>  | <b>4,200,000</b>                         | <b>2,910,000</b>                         |

**27 Other Information**

- In the opinion of the Management, there are no indication, internal or external which could have the effect of impairing the value of the assets to any material extent as at the Balance sheet date requiring recognition in terms of AS-28, Imperment of assets.
- In the opinion of the board, the current assets are approximately of the value stated if realized in the ordinary course of business. The provision for the depreciation and for all known Liabilities are adequate and not in excess of amount reasonably necessary. There are no Contingent Liabilities other than stated.
- The Company has entered into certain operating lease agreements and an amount of ₹ 2,917,803/- (P.Y. ₹ 2,658,138/-) paid under such agreements has been charged to the statement of Profit & Loss. These lease are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by such agreements.
- Details of Payment to Auditors

| Particulars                   | For the year ended on<br>31-03-2017<br>₹ | For the year ended on<br>31-03-2016<br>₹ |
|-------------------------------|--|--|
| <b>To Statutory Auditor :</b> |  |  |
| Statutory Audit Fee           | 635,000                                  | 950,000                                  |
| Taxation Work                 | 300,000                                  | 300,000                                  |
| <b>Sub: Total</b>             | <b>935,000</b>                           | <b>1,250,000</b>                         |
| <b>To Internal Auditor :</b>  |  |  |
| Internal Audit Fee            | 300,000                                  | 150,000                                  |
| <b>Grand Total</b>            | <b>1,235,000</b>                         | <b>1,400,000</b>                         |

- Details of Prior period Items

| Particulars                            | For the year ended on<br>31-03-2017<br>₹ | For the year ended on<br>31-03-2016<br>₹ |
|--|--|--|
| Cost of Material Consumed              | 112,350                                  | 151,543                                  |
| Manufacturing & Administrative Expense | 2,486,826                                | 3,773,083                                |
| Finance Cost                           | 12,329                                   | 139,315                                  |
| Selling and Distribution Expenses      | 903,516                                  | 778,966                                  |
| <b>Total</b>                           | <b>3,515,020</b>                         | <b>4,842,907</b>                         |

f Earnings per share

| Particulars  |     | For the year ended on 31-03-2017 | For the year ended on 31-03-2016 |
|--|-----|----------------------------------|----------------------------------|
|  |     | ₹                                | ₹                                |
| <b>Basic</b>   |     |                                  |                                  |
| Profit attributable to equity shareholders                               | ₹   | 270,648,479                      | 236,822,485                      |
| Nominal Value of equity share  | ₹   | 10                               | 10                               |
| Weighted average number of ordinary equity shares for Basic EPS          | No. | 17,881,751                       | 16,310,800                       |
| <b>Basic EPS</b>   | ₹   | 15.14                            | 14.52                            |
| <b>Diluted</b>   |     |                                  |                                  |
| Profit attributable to equity shareholders                               | ₹   | 270,648,479                      | 236,822,485                      |
| Add : interest/dividend on convertible instruments                       | ₹   | Nil                              | Nil                              |
| Profit after tax for Diluted EPS   | ₹   | 270,648,479                      | 236,822,485                      |
| Nominal Value of equity share  | ₹   | 10                               | 10                               |
| Weighted average number of ordinary equity shares for Basic EPS          | No. | 17,881,751                       | 16,310,800                       |
| Add: Weighted average number of Convertible warrants                     | No. | Nil                              | 408,231                          |
| <b>Weighted average number of ordinary equity shares for Diluted EPS</b> | No. | 17,881,751                       | 16,719,031                       |
| <b>Diluted EPS</b>   | ₹   | 15.14                            | 14.16                            |

g Details of Contingent Liability

The Company has received Following Demand Notice From Tax Authority

| SR NO | Particulars   | 2016-17     | 2015-16     |
|-------|---|-------------|-------------|
| 1     | Income Tax demands disputed in appeal by the Company / Income Tax Authorities. Against which amount of ₹ 3,431,000/- (Previous year Nil) has been paid.   | 24,934,790  | 3,559,393   |
| 2     | Corporate guarantee given in respect of Loan Sanctioned to Lincoln Parenteral Ltd to bank.  | 140,000,000 | 140,000,000 |
| 3     | Estimated Amount of Contracts remain to be Executed on Capital Account. Advance paid against such Contract is ₹ 4,54,66,531/- (Previous year ₹ 4,401,000/-) which is shown under the head advances. | 45,466,531  | 4,401,000   |
| 4     | Outstanding amount of Bill discounted as on 31.03.2017  | 39,593,716  | Nil         |

h Medium and Small Enterprises

The Company has not received the required information from Suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, In the absence of information available with the Company about enterprises which are qualifying under the definition of Medium and Small Enterprises as defined under Micro Small & Medium Enterprises Development Act, 2006, no disclosure is made as required under the Act.

i Details of Interest Paid For Finance Lease Agreements

| Particulars   | For the year ended on 31-03-2017 | For the year ended on 31-03-2016 |
|---|----------------------------------|----------------------------------|
|   | ₹                                | ₹                                |
| For Purchase of Computer Equipment, Software & Vehicles | Nil                              | 89,923                           |

j Related party disclosures

I List of related parties

| Sr. | Name of related Party                            | Nature of relation                   |
|-----|--|--------------------------------------|
| 1   | Avis Travells                                    | Controlled by Key Managerial Persons |
| 2   | Downtown Travels Pvt. Ltd.                       | Controlled by Key Managerial Persons |
| 3   | Downtown Travels LLP                             | Controlled by Key Managerial Persons |
| 4   | Downtown Finance Pvt. Ltd.                       | Controlled by Key Managerial Persons |
| 5   | Sunmed Corporation Pvt Ltd.                      | Controlled by Key Managerial Persons |
| 6   | Shardaben Gulabdas Patel Public Charitable Trust | Controlled by Key Managerial Persons |
| 7   | Mahendra G. Patel                                | Key Managerial Person                |
| 8   | Rajnikant G. Patel                               | Key Managerial Person                |
| 9   | Hasmukh I. Patel                                 | Key Managerial Person                |
| 10  | Arvind G. Patel                                  | Key Managerial Person                |
| 11  | Munjal M. Patel                                  | Key Managerial Person                |
| 12  | Mansiben A. Patel                                | Relative of Key Managerial Person    |
| 13  | Ashish R. Patel                                  | Key Managerial Person                |
| 14  | Anand A. Patel                                   | Relative of Key Managerial Person    |

**II Details of Transactions with Related Parties**

| Sr | Name of party                                       | Nature of Transaction            | 2016-17    | 2015-16    |
|----|---|----------------------------------|------------|------------|
| 1  | Avis Travels  | Travelling Expenses              | 13,014,336 | 8,616,984  |
| 2  | Downtown Travels Pvt. Ltd.                          | Travelling Expenses              | Nil        | 886,304    |
|    |   | Loan Taken                       | Nil        | 800,000    |
|    |   | Loan Repaid                      | 728,399    | 800,000    |
| 2  | Downtown Travels LLP                                | Travelling Expenses              | 1,206,795  | Nil        |
|    |   | Loan Taken                       | 75,625     | Nil        |
|    |   | Loan Repaid                      | 75,625     | Nil        |
| 3  | Downtown Finance Pvt. Ltd.                          | Interest Expenses                | 1,781,864  | 665,184    |
|    |   | Advance Taken (Bill Discounting) | 51,518     | 21,045,463 |
|    |   | Loan Repaid                      | 2,492,252  | 11,613,279 |
| 4  | Sunmade Corporation Pvt. Ltd.                       | Purchase                         | 23,260     | 69,074,923 |
|    |   | Loan taken                       | 300,000    | Nil        |
|    |   | Loan Repaid                      | 120,167    | Nil        |
| 5  | Mahendra G. Patel                                   | Remuneration                     | 1,357,742  | 1,359,992  |
| 6  | Shardaben Gulabdas Patel<br>Public Charitable Trust | CSR Expense                      | 650,702    | Nil        |
| 7  | Rajnikant G. Patel                                  | Remuneration                     | 1,357,742  | 1,359,992  |
| 8  | Hasmukh I. Patel                                    | Remuneration                     | 1,357,742  | 1,359,992  |
|    |   | Commission                       | 500,000    | Nil        |
| 9  | Munjal M. Patel                                     | Remuneration                     | 1,327,838  | 1,329,128  |
| 10 | Ashish R. Patel                                     | Remuneration                     | 1,603,168  | 1,604,528  |
| 11 | Mansi A. Patel                                      | Salary                           | 765,000    | 390,000    |
| 12 | Anand A. Patel                                      | Director Remuneration            | 804,060    | 825,862    |

**III Details of Closing Balances**

| Sr | Name of party               | As at<br>31-Mar-2017<br>₹ | As at<br>31-Mar-2016<br>₹ |
|----|-----------------------------|---------------------------|---------------------------|
| 1  | Avis Travels                | (561,041)                 | (290,562)                 |
| 2  | Downtown Travels Pvt. Ltd.  | Nil                       | (728,393)                 |
| 3  | Downtown Travels LLP        | (482,857)                 | Nil                       |
| 4  | Downtown Finance Pvt. Ltd.  | (11,156,715)              | (12,322,056)              |
| 5  | Sunmed corporation Pvt. Ltd | 9,360,165                 | (19,071,754)              |

Note : Figures in bracket Denotes Credit Balance

**k Research & Development Expenditure :**

Company's in house R&D unit has been approved by Government of India, Ministry of Science & Technology, Department of Scientific and Industrial Research, New Delhi. The Company's in house R&D unit is also approved for weighted deduction U/S 35 (2AB) of the Income Tax act, 1961.

**Details Of Capital & Revenue Expenditure Of R & D**

| Particulars             | 2016-17<br>₹       |                    | 2015-16<br>₹       |                    |
|-------------------------|--------------------|--------------------|--------------------|--------------------|
|                         | Capital            | Revenue            | Capital            | Revenue            |
| Plant & Machinery       | 2,61,74,956        | Nil                | 1,46,36,501        | Nil                |
| R&D Building            | 84,354             | Nil                | Nil                | Nil                |
| Electrical Equipment    | 13,465             | Nil                | Nil                | Nil                |
| Furniture & Fixture     | Nil                | Nil                | 3,93,255           | Nil                |
| Personnel Expenses      | Nil                | 2,33,39,944        | Nil                | 2,13,00,506        |
| Material Consumption    | Nil                | 31,68,808          | Nil                | 18,01,740          |
| Manufacturing expense   | Nil                | 2,04,20,534        | Nil                | 2,86,93,712        |
| Depreciation            | Nil                | 92,66,595          | Nil                | 86,04,645          |
| Administration Expenses | Nil                | 60,49,742          | Nil                | 40,84,120          |
| <b>TOTAL</b>            | <b>2,62,72,776</b> | <b>6,22,45,622</b> | <b>1,50,29,756</b> | <b>6,44,84,723</b> |

## I Segment reporting

i Primary Business Segment: There is only one segment namely, Pharmaceuticals Products.

ii Secondary Segment:

Segment revenue in geographical segment considered for disclosure is as follows.

i. Domestic Sales

ii. Export Sales

| Particulars                             | Export        |               | Domestic       |                | Total          |                |
|---|---------------|---------------|----------------|----------------|----------------|----------------|
|   | 2016-17       | 2015-16       | 2016-17        | 2015-16        | 2016-17        | 2015-16        |
| Segment revenue from external customers | 1,192,688,344 | 1,170,621,759 | 2,464,562,810  | 2,889,517,934  | 3,657,251,154  | 4,060,139,692  |
| Carrying amount of segment Assets       | 42,00,12,052  | 47,30,24,542  | 2,64,82,35,165 | 2,27,49,99,103 | 3,06,82,47,217 | 2,74,80,23,645 |

m The assets, liability Income and Expenditure of the previous year is regrouped/ reclassified to conform to the current year's presentation.

## o Details in respect of Application of Fund raised through Preferential Allotment

(Amount in ₹)

| Particulars                               | 2016-17      | 2015-16     |
|---|--------------|-------------|
| Opening Balance                           | Nil          | Nil         |
| Funds received during the year            | 22,68,85,791 | 7,56,28,600 |
| Fund Utilised                             |              |             |
| For Long term Working Capital Requirement | 22,68,85,791 | 7,56,28,600 |
| Closing balance as on Balance Sheet date  | Nil          | Nil         |

## o Disclosure on Specified Bank Notes

During the year, the company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308(E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

| Particulars                           | SBNs(1)     | Other denomination notes | Total       |
|---------------------------------------|-------------|--------------------------|-------------|
| Closing cash in hand as on 8-11-2016  | 61,97,500   | 20,53,532                | 82,51,032   |
| Add: Permitted receipts               | Nil         | 13,000                   | 13,000      |
| Add: Amount Withdrawal from Bank      | Nil         | 16,10,000                | 16,10,000   |
| Less: Permitted payments              | Nil         | (24,99,624)              | (24,99,624) |
| Less: Amount deposited in Banks       | (61,97,500) | Nil                      | (61,97,500) |
| Closing cash in hand as on 30-12-2016 | Nil         | 11,76,908                | 11,76,908   |

<sup>(1)</sup>For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

As per our report of even date  
**For J.T. Shah & Co.**  
Chartered Accountants  
(Firm Regd. No. 109616W)

**(J.T.SHAH)**  
Parther  
(M.No.3983)

Date : 30-05-2017  
Place : Ahmedabad

**Bhavik P. Parikh**  
(Company Secretary)

For and on behalf of the Board of Directors of  
**Lincoln Pharmaceuticals Limited**

**M.G. Patel** (Managing Director) (DIN : 00104706)

**R.G. Patel** (Jt. Managing Director) (DIN : 00104786)

**H.I. Patel** (Whole Time Director) (DIN : 00104834)

Date : 30-05-2017  
Place : Ahmedabad



### LINCOLN PHARMACEUTICALS LIMITED

Regd. Office: "LINCOLN HOUSE", Behind Satyam Complex, Science City Road, Sola, Ahmedabad-380060.  
CIN: L24230GJ1995PLC024288; Ph: +91-79-67778000; Fax: +91-79-67778062;  
Email-ID: info@lincolnpharma.com; Website: www.lincolnpharma.com.

#### ATTENDANCE SLIP

I /We hereby record my / our presence at the 23<sup>rd</sup> Annual General Meeting of the members of the Company to be held on Friday, September 29, 2017 at the Registered Office of the Company at "LINCOLN HOUSE", Behind Satyam Complex, Science City Road, Sola, Ahmedabad-380060 at 10.30 a.m.

Full name of the Member : \_\_\_\_\_  
Address of the Member : \_\_\_\_\_  
Folio No : \_\_\_\_\_ \*DP ID No. \_\_\_\_\_ \*Client ID NO. \_\_\_\_\_  
No. of shares held : \_\_\_\_\_  
Full name of the Proxy : \_\_\_\_\_  
(If attending the meeting)  
Member's /Proxy's Signature: \_\_\_\_\_

**Note:**

1. Please complete the Folio / DP ID-Client No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
  2. Shareholders are requested to advised to indicate their folio No., DP ID\*, Client ID\*, the change in their address, if any, to the Registrar & Share Transfer Agents, at Link Intime India Private Limited.
- \*Applicable for investors holding shares in Electronic (Demat) form.



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#### FORM NO. MGT-11

#### PROXY FORM

(Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rule 2014)

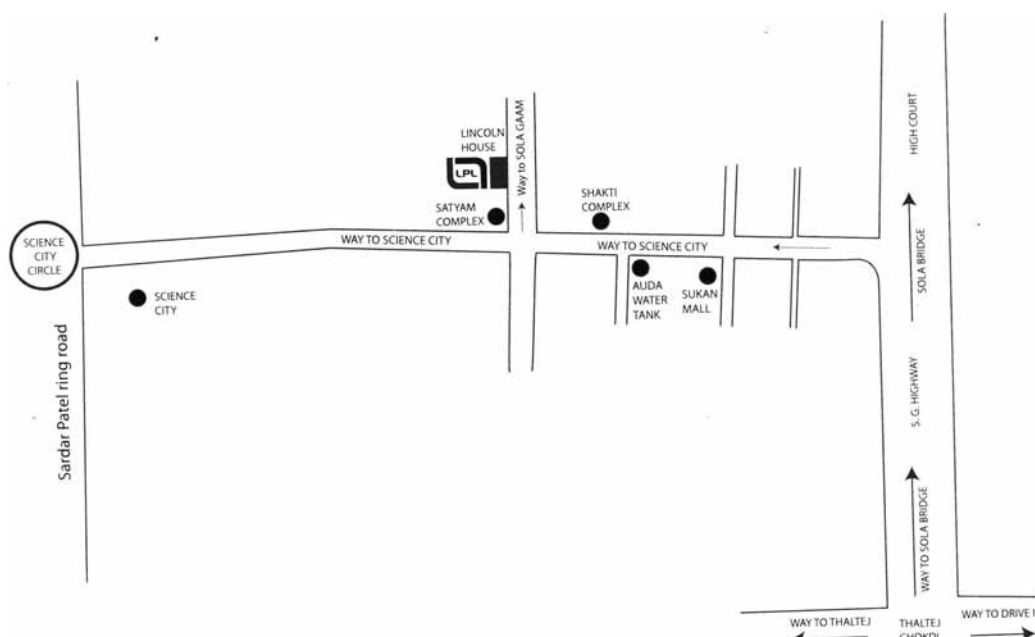
|                                |  |
|--------------------------------|--|
| Name of the Member(s)          |  |
| Registered Address             |  |
| E-Mail ID                      |  |
| Folio No. / Client ID / DP. ID |  |
| No. of Shares                  |  |

I / we, being the member(s) of the above named company, hereby appoint:

- (1) Name : \_\_\_\_\_ Address: \_\_\_\_\_  
Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or Failing him / her: \_\_\_\_\_
- (2) Name : \_\_\_\_\_ Address: \_\_\_\_\_  
Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or Failing him / her: \_\_\_\_\_
- (3) Name : \_\_\_\_\_ Address: \_\_\_\_\_  
Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company, to be held on Friday, September 29, 2017 at 10.30 a.m. at the Registered Office of the Company at "LINCOLN HOUSE", Behind Satyam Complex, Science City Road, Sola, Ahmedabad-380060 and at any adjournment thereof in respect of such resolutions as are indicated below:

# ROUTE MAP OF AGM VENUE



\*\* I wish my above proxy to vote in the manner as indicated in the box below:

| Resolution No.    | Particulars of Resolution  | Optional |         |
|-------------------|--|----------|---------|
|                   |  | For      | Against |
| ORDINARY BUSINESS |  |          |         |
| 1.                | To consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the year ended on March 31, 2017 and the Directors' Report and Auditors' Report thereon. |          |         |
| 2.                | To Declare Dividend on Equity Shares for the Financial Year 2016-17.   |          |         |
| 3.                | Re-appointment of Shri Aashish R. Patel (DIN: 01309017), as a Director who retires by rotation.  |          |         |
| 4.                | Re-appointment of Shri Arvindbhai G. Patel (DIN: 00104885), as a Director who retires by rotation.   |          |         |
| 5.                | Appointment of Statutory Auditors and fixing their Remuneration.   |          |         |
| SPECIAL BUSINESS: |  |          |         |
| 6.                | Re-appointment of Shri Mahendrabhai G. Patel (DIN: 00104706) as the Managing Director of the Company. (Special Resolution)   |          |         |
| 7.                | Re-appointment of Shri Rajnikant G. Patel (DIN: 00104786) as Managing Director of the Company. (Special Resolution)  |          |         |
| 8.                | Re-appointment of Shri Hashmukhbhai I. Patel (DIN: 00104834) as the Whole Time Director of the Company. (Special Resolution)   |          |         |
| 9.                | Revision in Remuneration of Shri Munjal M. Patel (DIN: 02319308) Whole-Time Director of the Company. (Special Resolution)  |          |         |
| 10.               | Revision in Remuneration of Shri Aashish R. Patel (DIN: 01309017) Whole-Time Director of the Company. (Special Resolution)   |          |         |
| 11.               | Approval of keeping the registers, returns etc. at the place other than the registered office of the Company. (Special Resolution)   |          |         |
| 12.               | Ratification of payment of remuneration to Cost Auditors for the Financial Year 2017-18.   |          |         |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Signature of Shareholder \_\_\_\_\_

Signature of Proxy holder (s) \_\_\_\_\_

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.
3. \*\*It is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he / she thinks appropriate.
4. Appointing the proxy does not prevent a shareholder from attending the meeting in person if he so wishes.
5. Please complete all details including details of member (s) in the above box before submission.

Affix  
One Re.  
Revenue  
Stamp

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Full name of the Member : \_\_\_\_\_  
Address of the Member : \_\_\_\_\_  
Folio No : \_\_\_\_\_ \*DP ID No. \_\_\_\_\_ \*Client ID NO. \_\_\_\_\_  
No. of shares held : \_\_\_\_\_  
Full name of the Proxy : \_\_\_\_\_  
(If attending the meeting)  
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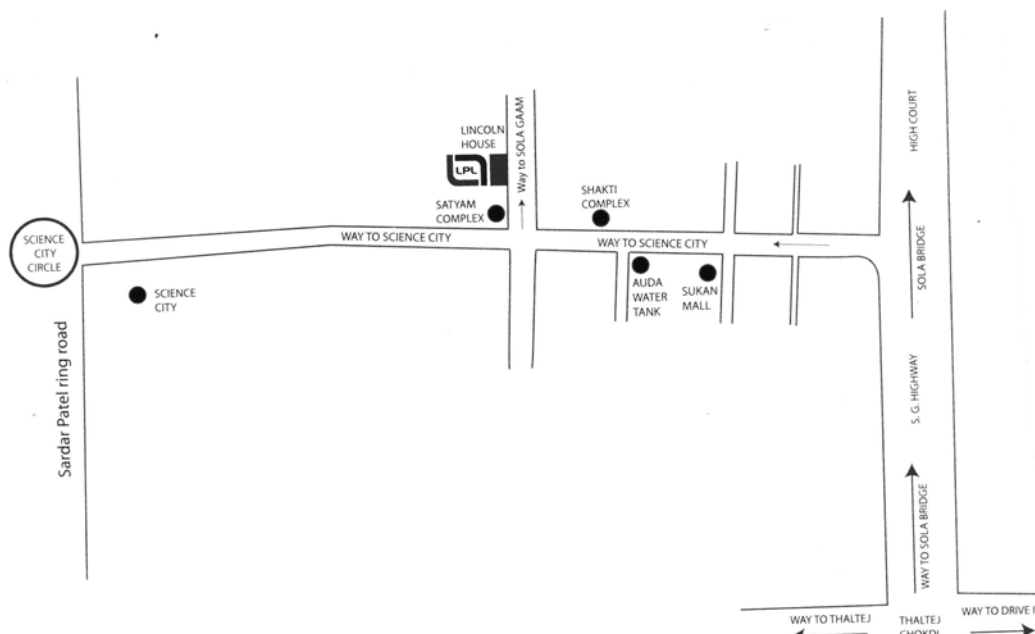
|                                |  |
|--------------------------------|--|
| Name of the Member(s)          |  |
| Registered Address             |  |
| E-Mail ID                      |  |
| Folio No. / Client ID / DP. ID |  |
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Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or Failing him / her: \_\_\_\_\_
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Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or Failing him / her: \_\_\_\_\_
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Signature of Shareholder \_\_\_\_\_

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Affix  
One Re.  
Revenue  
Stamp

# Artelin<sup>30</sup>

Artesunate 30 mg/60 mg/120 mg Injection

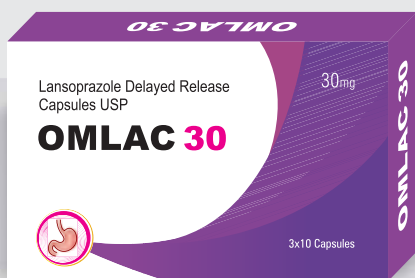


# ANTHEL

Albendazole 400 mg Tablets &  
200 mg/5 ml Suspension

# Losa<sup>50</sup>

Losartan Potassium 50 mg Tablets



# OMLAC 30

Lansoprazole 30 mg DR Capsules



**LINCOLN**

**PHARMACEUTICALS LTD.**

**HEALTHCARE FOR ALL**

REGISTERED OFFICE | PLANT

"LINCOLN HOUSE"  
Behind Satyam Complex,  
Science City Road,  
Sola, Ahmedabad-380 060 (Guj.) India  
Phone : +91-79-67778000  
Fax : +91-79-67778062  
CIN L24230GJ1995PLC024288  
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[www.lincolnpharma.com](http://www.lincolnpharma.com)

10, 12, 13, Trimul Estate,  
At. Khatraj, Ta. Kalol,  
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Phone : +91-2764-305000  
Fax : +91-2764-281809  
E-mail : [khatraj@lincolnpharma.com](mailto:khatraj@lincolnpharma.com)

# ANNUAL **23<sup>rd</sup>** **REPORT** 2016-2017