

**ALKEM****ALKEM LABORATORIES LTD.**

**Regd. Office :** " ALKEM HOUSE", Senapati Bapat Marg,  
Lower Parel, Mumbai - 400 013. Phone : 022-3982 9999, Fax : 022-2495 2955  
Email : contact@alkem.com Website : www.alkemlabs.com  
CIN :- L00305MH1973PLC174201



8<sup>th</sup> September, 2017

<b>The Corporate Relationship Department BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. <i>Scrip Code: 539523</i>	<b>National Stock Exchange of India Limited</b> Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai 400 051. <i>Scrip Symbol: ALKEM</i>
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Dear Sirs,

**Re: Intimation under Regulation 30, 34 & 44(3) of Listing Obligations and disclosure Requirement Regulations, 2015 ("SEBI LODR Regulations")**

**Sub: Outcome of the 43<sup>rd</sup> Annual General Meeting of the Company and Disclosure of Voting Results thereat.**

This is with reference to the 43<sup>rd</sup> Annual General Meeting of the Company held today i.e. on Friday, 8<sup>th</sup> September, 2017 at 10.30 a.m. at Nehru Centre Auditorium, Dr Annie Besant Road, Worli, Mumbai 400 018.

In compliance with the provisions of Regulations 44 of the SEBI LODR Regulations, Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management & Administration) Rules 2014 as amended, the Company had provided e-voting facility to all its members to enable them to cast their vote on all matters listed in the Notice convening the Annual General Meeting through electronic means (remote e-voting) during the period commencing from Tuesday, 5<sup>th</sup> September, 2017 (9.00 a.m.) to Thursday, 7<sup>th</sup> September, 2017 (5.00 p.m.).

The Company had also provided voting facility to the members present at the Annual General Meeting through ballot for those who had not cast their vote earlier through remote e-voting facility. We wish to inform you that all the resolutions contained in the Notice of the Annual General Meeting were approved by the Members.

Pursuant to Regulation 30 of the SEBI LODR Regulations, we are submitting herewith the details regarding the brief proceedings of the 43<sup>rd</sup> Annual General Meeting (AGM) of the Company.



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Pursuant to Regulation 44(3) of the SEBI LODR Regulations, 2015, we are also submitting herewith the details regarding the voting results of the business transacted at the said AGM in the prescribed format.

Annual Report for financial year 2016-17 as required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations duly approved and adopted by the Members has been enclosed herewith.

Further, we are also enclosing the Report of the Scrutinizer on e-voting and voting through ballot forms at the AGM.

You are requested to take a note of the same and bring it to the notice of all concerned.

Sincerely,

**For Alkem Laboratories Limited**

**Manish Narang**

**President - Legal, Company Secretary & Compliance Officer**

Encl.: a/a

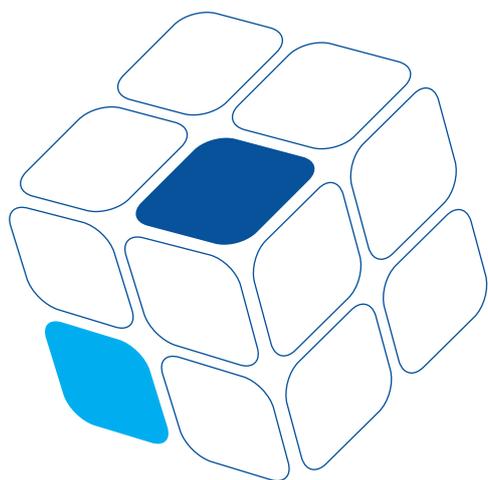


# CONSISTENT STRATEGY. STRONG EXECUTION.

**ALKEM LABORATORIES LTD.**

ANNUAL REPORT 2016-17

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**Revenue from Operations**

₹ 58,525 million

**EBITDA**

₹ 9,990 million

**Profit After Tax**

₹ 8,920 million

**EPS**

₹ 74.61

## **At Alkem, performance is the outcome of consistent strategy and strong execution.**

Over the years, the Company has expanded and deepened its insights to consolidate its leading position in the Indian pharmaceutical market, as well as emerge as a meaningful player in the global pharmaceutical space.

At the same time, it has strengthened its manufacturing processes and sharpened its R&D capabilities to compete and win in select markets across geographies.

During the financial year 2017, despite challenges in the regulatory environment in the form of expansion of NLEM (National List of Essential Medicines) list and temporary hardships in the wake of the government's seminal economic reform (demonitisation), Alkem's key brands in the domestic market continued to deliver encouraging growth, mainly driven by higher volumes. The Company delivered growth that was higher than the market growth rate, on the back of market share gains, new product introductions and better field force productivity.

The Company continued to reinforce its footprint in the US market during the year, with growing market share in existing products and contribution from new product launches. It has also meticulously nurtured other emerging markets and its performance in those markets during the year was highly gratifying.

Manufacturing facilities and R&D centres of Alkem underwent successful inspections by some of the leading regulatory authorities in the world including the US FDA and MHRA (UK), thereby re-emphasising its commitment towards quality and compliance.

Alkem's strategy has been consistent: entrenching position in its existing markets and therapeutic segments by leveraging its comprehensive product portfolio, vast distribution network and established relationships with the prescriber base, while at the same time foraying into new markets and therapeutic segments through continuous investments in R&D. Strong execution is the better half of Alkem's strategy. Robust systems and processes, complemented by a motivated employee base has helped the Company cater to diverse global markets with evolving demand-supply dynamics.

The critical confluence of consistent strategy and strong execution has enabled the Company to create value for its customers, communities and all other stakeholders.

# DECADES OF EXCELLENCE

The Company commenced its journey of growth in 1973. Over the years, it has emerged as a leading domestic pharmaceutical company with global operations. It is engaged in the development, manufacture and sale of pharmaceutical and nutraceutical products. The Company produces branded generics, generic drugs, active pharmaceutical ingredients (APIs) and nutraceuticals, which it markets nationally and internationally.

The Company has an extensive manufacturing footprint with 18 facilities across India and 2 in the United States. Its manufacturing facilities are inspected and audited as per cGMP guidelines laid down by leading regulatory authorities, including the US FDA, World Health Organization (WHO),

MHRA (UK), TGA (Australia), ANVISA (Brazil) and MCC (South Africa). Alkem has four R&D facilities located in India and the US which carries out process development, formulation development and analytical research for its domestic and international markets.

The Company is listed on the National Stock Exchange, Mumbai (NSE) and Bombay Stock Exchange (BSE) with market capitalisation of ₹ 263.6 bn as on 31st March, 2017.

## Vision



To achieve value driven leadership in Indian Health Care Industry and beyond through:

Quality that is infinite

Service that cares

Hard work that endures

**40+**

Years of experience in the pharmaceutical industry

**No. 1\***

Anti-infective player in India

**5<sup>th</sup>\***

Largest pharmaceutical company in India

**20**

Manufacturing plants in India and the US

**700+**

Brands in India

**50+**

Countries global presence

**91#**

Cumulative ANDA filings in the US

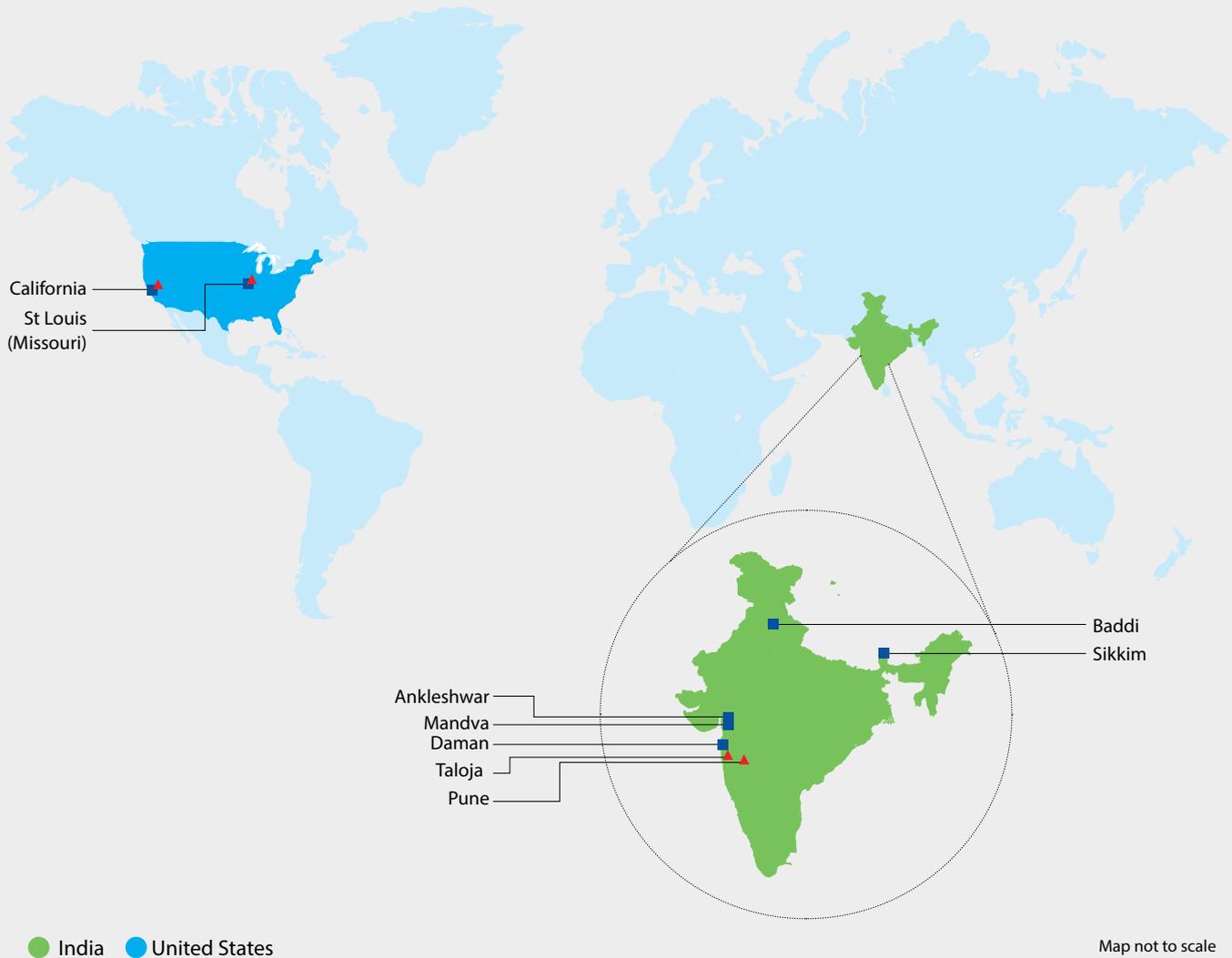
**₹ 263.6 bn#**

Market Capitalisation

\* IMS TSA MAT March 2017

# As on 31st March, 2017

# Alkem's Manufacturing & R&D Facilities



Facility	No. of Facilities	Manufacturing Capabilities
<b>Manufacturing Facilities ■</b>		
Baddi, India	4	Formulations - Tablet, Injectables, Dry Syrup
Sikkim, India	7	Formulations - Tablet, Injectables, Dry Syrup
Daman, India	5	Formulations - Capsule, Tablet, Injectables, Dry Syrup
Mandva, India	1	APIs
Ankleshwar, India	1	APIs
California, United States	1	APIs
St. Louis (Missouri), United States	1	Formulations - Liquids, Nasal Sprays, Semisolids and Solids
<b>R&amp;D Facilities ▲</b>		
Taloja, Maharashtra, India	1	-
Pune, Maharashtra, India	1	-
California, United States	1	-
St. Louis (Missouri), United States	1	-

# KEY HIGHLIGHTS OF THE YEAR

## Financial Highlights

**15.9% y-o-y**

Healthy revenue growth, despite a challenging business environment in the key markets of India and the US

**90bps y-o-y**

Gross margin improvement, despite regulatory price cuts in India. EBITDA margin also showed y-o-y improvement driven by better product mix and operating efficiencies

**47.9% y-o-y**

Increase in R&D spends to augment the product portfolio

**20.3% y-o-y**

Growth in net profit after tax

## India Business

**15.6% y-o-y**

Growth in India Business amidst challenging business and regulatory environment

**230bps**

Alkem's secondary sales grew by 11.4%<sup>1</sup>, 230bps higher than corresponding IPM growth of 9.1%

**65**

New products launched in FY17, including line extensions

**Foray in OTC space**

1. Marketing alliance with Haw Par for Tiger Balm
2. Direct consumer marketing for Pregakem and Livoerb

<sup>1</sup> IMS TSA MAT March 2017

## US and Other International Business

**21.5% y-o-y**

Growth in the US business driven by market share gains and new product launches

**USFDA inspections**

Successfully closed the US FDA inspection at Daman, Baddi and Ankleshwar; thereby emphasising on the Company's commitment and focus towards quality and compliance

**14 ANDAs**

Filed in FY17 with the USFDA and received 9 approvals (including 4 tentative approvals)

**Australia, Chile, Philippines and Kazakhstan**

The Company recorded healthy growth in its select markets

## People at Alkem

**13,000+**

Strong team of dedicated and motivated Alkemiters working across the globe

**~500**

Scientists working across 4 R&D centres in India and the US

**6,500+**

Medical representatives in India

**>30,000 person days**

Of training provided in FY17



# KEY THERAPEUTIC AREAS AND BRANDS IN DOMESTIC MARKET

Consistent strategy and strong execution complement each other at Alkem. The result is an encouraging performance in a largely volatile business landscape, both nationally and internationally.

## Progress across key therapeutic areas in India

Alkem produces high-quality branded generics, generic drugs, active pharmaceutical ingredients and nutraceuticals, which are marketed in India and 50+ countries internationally.

The Company has a comprehensive portfolio comprising of 700+ brands and covering major therapeutic segments in India. This is further complemented by a robust pan-India sales and distribution network. The Company is amongst India's top ten pharmaceutical companies in terms of domestic sales for the preceding 14 years and is currently ranked the fifth largest pharmaceutical company in India in terms of market share. (Source: IMS TSA MAT March 2017)



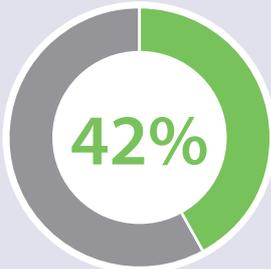
## Established Therapies of Alkem

Anti-infective

Secondary Sales\*

**₹ 14,342 million**

Therapy Contribution\*



**42%**

**4 year CAGR\* – FY13 to FY17**

Market growth	Alkem growth
<b>5.6%</b>	<b>9.4%</b>

**Market Share\***

FY13	FY17	Improvement
10.5%	<b>12.1%</b>	1.6%

Alkem's Rank\*

#1

**Key Brands**

Brand Name	IMS RANK**	% market share**
Clavam	2	15.7
Taxim-O	2	22.1
Taxim	1	80.3
Xone	2	11.7

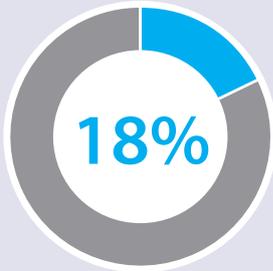
\* IMS TSA MAT March 2017  
# in their represented markets

## Gastro intestinal

Secondary Sales\*

**₹ 6,443 million**

Therapy Contribution\*



4 year CAGR\* – FY13 to FY17

Market growth

**12.3%**

Alkem growth

**17.0%**

Market Share\*

FY13	FY17	Improvement
5.1%	<b>6.0%</b>	0.9%

Key Brands

Brand Name	IMS RANK**	% market share**
Pan	1	30.2
Pan-D	1	28.4
Ondem	1	31.2

Alkem's Rank\*

**#3**

## Pain / Analgesics

Secondary Sales\*

**₹ 4,058 million**

Therapy Contribution\*



4 year CAGR\* – FY13 to FY17

Market growth

**10.5%**

Alkem growth

**15.6%**

Market Share\*

FY13	FY17	Improvement
4.4%	<b>5.3%</b>	0.9%

Key Brands

Brand Name	IMS RANK**	% market share**
Gemcal	1	15.0
Sumo	1	42.5
Enzoflam	1	45.7
Sumo-L	5	3.9

Alkem's Rank\*

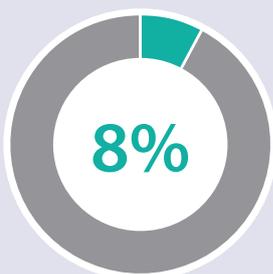
**#3**

## Vitamins / Minerals / Nutrients

Secondary Sales\*

**₹ 2,879 million**

Therapy Contribution\*



4 year CAGR\* – FY13 to FY17

Market growth

**12.2%**

Alkem growth

**15.6%**

Market Share\*

FY13	FY17	Improvement
3.3%	<b>3.7%</b>	0.4%

Key Brands

Brand Name	IMS RANK**	% market share**
A TO Z NS	4	6.4
Uprise D3	2	11.2
A to Z Gold	1	17.8

Alkem's Rank\*

**#6**

\* IMS TSA MAT March 2017  
# in their represented markets

# Emerging Therapies of Alkem

Chronic therapy segments like cardiac, anti-diabetes, neuro / CNS, dermatology and cancer accounts for about one-third of the Indian Pharmaceutical Market and has been growing at a significantly faster pace compared to the acute therapies, given the changing lifestyle and food habits in India. India is considered as the diabetes capital of the world with more than 50 million people suffering from type-2 diabetes. Also, the prevalence and diagnosis of

cardiac and neurological disorders like blood pressure, anxiety, depression and hypertension is growing at an alarming pace. Given this backdrop, the Company has made significant investments in the chronic therapy segments of cardiac, anti-diabetes, neuro / CNS and dermatology. With a field force of more than 1,500 medical reps dedicated for chronic therapies, a healthy product basket, strong brand building capabilities and a vast distribution and

sales network, the Company is building a formidable base in the chronic therapy segments in India.

The table below highlights Alkem's impressive performance in the chronic therapy segments over the last four years which has resulted in not only market share gains for the Company but also improvement in its market rankings.

## Alkem's performance in Chronic Segment

Therapy	Market Growth	Alkem Growth	Alkem Rank			Alkem Market share		
	Growth CAGR	Growth CAGR	Improvement			Improvement		
	FY13-17	FY13-17	FY14	FY17	FY17 over FY14	FY13	FY17	FY17 over FY13
Neuro / CNS	12.2%	17.1%	12	11	1	1.8%	2.1%	0.3%
Derma	18.1%	31.2%	17	18	-1	1.0%	1.5%	0.5%
Cardiac	12.0%	34.6%	34	30	4	0.3%	0.6%	0.3%
Anti-Diabetes	19.6%	50.2%	31	25	6	0.3%	0.8%	0.5%

Source: IMS TSA MAT March 2017

## Key brands in Emerging therapies

Brand	Treatment used for
Glucoryl – M / MV	Diabetes
Donep	Alzheimer's disease
Melbild	Hypo-pigmentation
Clindac – A	Acne (Derma)



Android enabled mobile application for Alzheimer's patients



'I REMEMBER' a social initiative by Alkem for spreading awareness about Alzheimer's disease in India

## Special Marketing Initiative to build Company's Presence in Diabetes Segment

Alkem is a proud owner of Guinness World Records for creating World's Largest Blister Pack Mosaic of Glucoryl M (a brand owned by the Company), at RSSDI conference, Hyderabad on 19th November, 2016.

10,000 strips of Glucoryl M used to create the record were signed by thousands of prescribers across India and were donated to Osmania Hospital in Hyderabad later.

The Company is thankful to the medical fraternity for extending their support in executing the Guinness World Records and bringing smiles on thousands of needy diabetes patients.

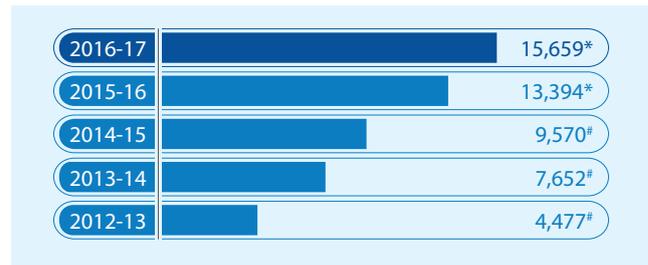


# GROWING INTERNATIONAL OPERATIONS

Having established itself in the Indian pharmaceutical market, the Company is also expanding internationally through both organic growth and strategic acquisitions.

The United States is the key focus market for the Company's International operations. In addition to the US, Company's products are also sold in more than 50 international markets like Australia, Europe, South East Asia, Latin America, Africa and CIS. Company's strategy is to grow its international operations by creating a strong local presence and expertise, by investing in manufacturing and marketing infrastructure as well as R&D to bolster product offerings in these markets.

**International Business Revenue Growth (₹ in mn)**

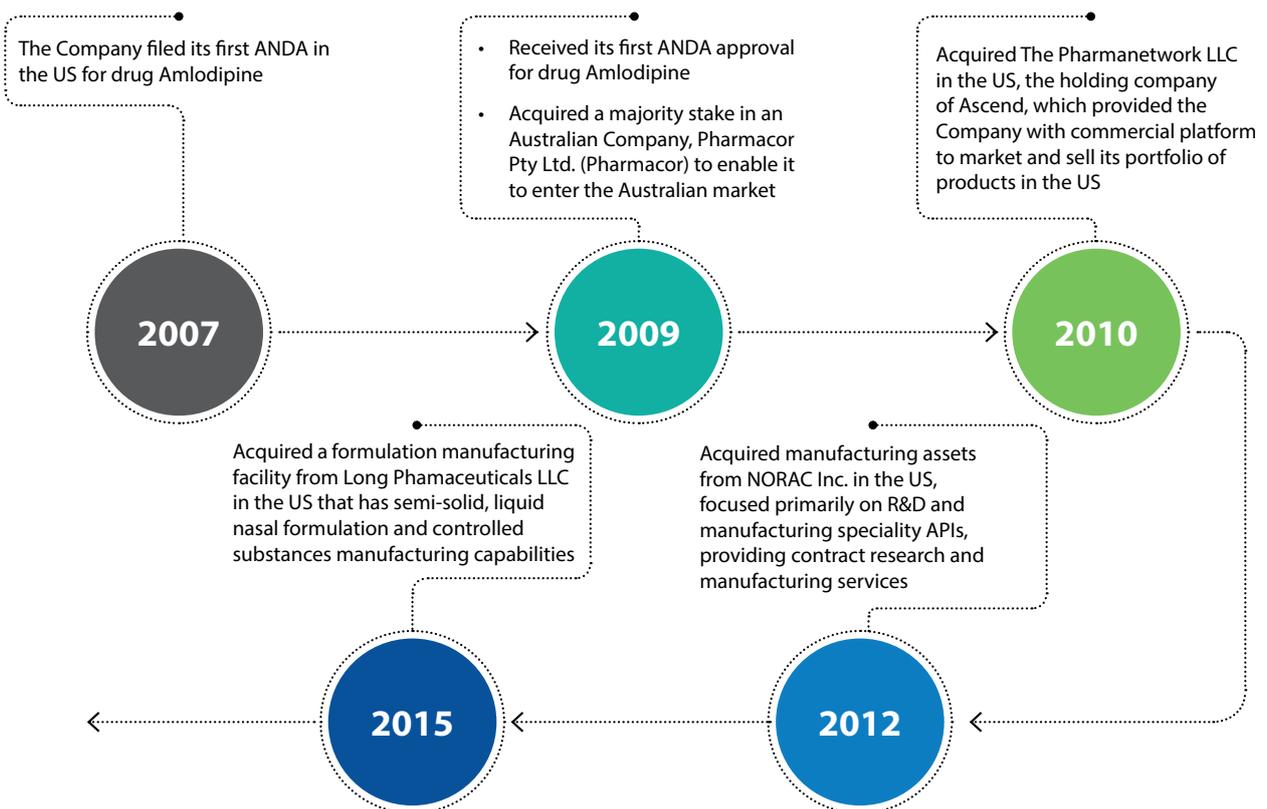


# Restated numbers

\* Numbers in accordance to IND AS

Revenue share of international business has grown from 12.7% in FY12 to 26.8% in FY17

## Evolution of the Company's International Business





Alkem's team in Australia



Alkem's Philippines team



Alkem's Kazakhstan team



Alkem's team in Cameroon



Alkem's team in Ivory Coast



Alkem's team in Kenya

# KEY PERFORMANCE HIGHLIGHTS

## Revenue from Operations (₹ in mn)

2016-17	58,525*
2015-16	50,479*
2014-15	39,052#
2013-14	32,312*
2012-13	25,754#

# Restated numbers including excise duty

\* Numbers in accordance to IND AS

- Revenues have more than doubled in the last 4 years highlighting robust growth in key markets of India and the US.
- Company has outperformed the India Pharmaceutical Market driven by market share gains, new product launches and healthy growth in its key brands.
- International revenues, mainly led by the US business, have significantly grown over the past few years and now contribute more than one-fourth of the Company's total revenues.

## EBITDA (₹ in mn)

2016-17	9,990*
2015-16	8,533*
2014-15	4,871#
2013-14	4,100*
2012-13	3,625#

# Restated numbers

\* Numbers in accordance to IND AS

- Company has shown considerable improvement in its profitability over the last 4 years with significant expansion in its Gross margins and EBITDA margins.
- Company undertook several cost optimisation measures, worked continuously on better product mix and took steps to improve its operating efficiencies and field force productivity.
- During the financial year 2017, despite the regulatory price cuts in India and pricing pressure in the US market, the Company delivered y-o-y improvement in its gross margin.

## Profit before Tax (₹ in mn)

2016-17	9,646*
2015-16	9,284*
2014-15	5,167#
2013-14	4,300*
2012-13	4,016*

# Restated numbers

\* Numbers in accordance to IND AS

- Company has judiciously invested in manufacturing facilities which are entitled for fiscal benefits.

## Profit after Tax (₹ in mn)

2016-17	8,920*
2015-16	7,416*
2014-15	4,626#
2013-14	4,353#
2012-13	3,838#

# Restated numbers

\* Numbers in accordance to IND AS

- The Company's Net Profit after Tax has more than doubled in the last 4 years. This is an outcome of a healthy revenue growth coupled with significant improvement in Company's profitability.

### Gross Debt (₹ in mn)

2016-17	6,595*
2015-16	6,575*
2014-15	13,059#
2013-14	11,254#
2012-13	15,397#

### Net Cash\*\* (₹ in mn)

2016-17	7,172*
2015-16	9,214*
2014-15	4,873#
2013-14	4,641#
2012-13	3,041#

# Restated numbers

\* Numbers in accordance to IND AS

\*\* Net Cash = Cash and cash equivalents + Fixed deposits +  
Accrued interest on fixed deposits + Investments - Gross debt

- The Company is a Net Cash Company with robust cash flows.
- In the financial year 2017, the Company made significant capex investments in new manufacturing facilities and upgradation and de-bottlenecking of existing facilities and warehouses.

### RONW (%)

2016-17	20.0*
2015-16	20.1*
2014-15	15.4#
2013-14	16.9#
2012-13	17.7#

### ROCE (Post Tax %)

2016-17	21.8*
2015-16	21.5*
2014-15	14.4#
2013-14	17.1#
2012-13	16.5#

# Restated numbers

\* Numbers in accordance to IND AS

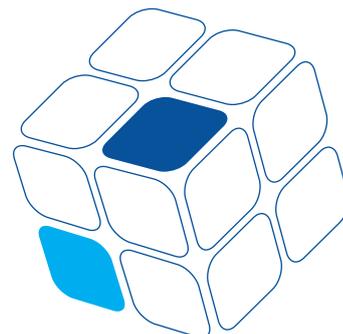
- Over the past few years, the Company has delivered robust improvement in its Gross margins and EBITDA margins driven by better product mix and operating efficiencies.
- Healthy revenue growth coupled with improvement in Gross margins and EBITDA margins have led to improvement in return ratios.

### Earnings per share (₹)

2016-17	74.61*
2015-16	62.02*
2014-15	38.69#
2013-14	36.41#
2012-13	32.10#

# Restated numbers

\* Numbers in accordance to IND AS



## FROM THE FOUNDERS DESK



**Samprada Singh,**  
Chairman Emeritus

### Dear Shareholders,

When we commenced our journey decades ago, our objective was simple: to manufacture and deliver quality medicines at affordable rates that could benefit millions of people across the world. That philosophy has inspired us to undertake multiple initiatives; and continues to guide us, as we create new pathways to progress.

Our efforts have translated into encouraging outcomes. From a modest start as a regional pharmaceutical company, we now feature amongst the top five pharmaceutical companies in India. Apart from having a strong foothold in the domestic market, we have also expanded our presence in over 50 international markets. A large part of

“

Our efforts have translated into encouraging outcomes. From a modest start as a regional pharmaceutical company, we now feature amongst the top five pharmaceutical companies in India. ”

this credit goes to our dedicated and motivated workforce that has played a pivotal role in making Alkem what it is today.

During the financial year 2017, we achieved healthy mid-teen growth in consolidated operating revenues, with an improved margin profile. It is deeply satisfying to note that despite changes in the regulatory scenario and other temporary industry hardships, our key brands continued to deliver healthy growth in India's pharmaceutical space. At the same time, our international business continued to grow during the year with encouraging market share gains in the existing products as well as contribution from new product launches.

We have continued our focus on R&D initiatives to develop a differentiated portfolio. In the coming years, we will continue to invest more in research programmes and strengthen our

“

In FY 2016-17, despite changes in the regulatory scenario and other temporary industry hardships, our key brands continued to deliver encouraging growth in India's pharmaceutical space.”

product offerings with consistent focus on quality standards. We are committed to deliver high quality drugs and adhere to regulatory compliance and hence, have continuously invested in our people, systems and processes.

In all these years, we have been intuitive in our ability to foresee macro trends, and agile in responding to them. This strategy has helped us navigate through the challenges in the global business scenario. Going forward, we will continue to invest ahead of the curve in building the competencies of our people and further sharpening our execution capabilities. While global markets, consumer preferences and healthcare needs will continue to transform, our focus will be on expanding our footprint, foraying into new therapeutic segments, investing in capacities, building alliances, and enhancing operational excellence.

It gives us immense pleasure that along our way to a successful year, we were



**Basudeo N. Singh,**  
Executive Chairman

able to meet the needs, positively impact and protect the rights of our diverse stakeholder fraternity. This includes our employees and local communities where we operate, among many others.

Our consistent strategy and strong execution, supported by the guidance

of all our stakeholders, will enable us to improve upon our performance in the coming years.

Warm Regards,  
**Samprada Singh**, Chairman Emeritus  
**Basudeo N. Singh**, Executive Chairman

# CEO's MESSAGE



**Prabhat Agrawal,**  
Chief Executive Officer

“ Our approach of consistent strategy and smart execution yielded impressive financial performance for the year with y-o-y revenue growth of 15.9%, accompanied with improved margin profile. ”

**Dear Shareholders,**

Financial year 2017 has been yet another fulfilling year for the Company as we delivered a market leading growth in a volatile and challenging market environment on the back of our consistent strategy and strong execution.

Over the years, we have created strong pivots for growth: a vast sales and distribution infrastructure, market leading brands, consistent investments in R&D to build a robust product pipeline, diversified, modern and compliant manufacturing facilities and a strong trust we have built over the years with prescribers. All these weave

together into a well-defined strategy, which along with our strong executional team positions us so well to win in the key select markets of our choice. At the same time, we are also continuously evolving to remain agile and create new growth levers through investing in emerging growth areas like OTC and Biosimilars.

Financial year 2017 was challenging for India's pharmaceutical industry for many reasons. The Health Ministry of the Government of India not only expanded National List of Essential Medicines (NLEM), which led to significant price cuts in medicines, but also revised downwards the ceiling prices of some molecules which were a part of NLEM before. Trade disturbance related to demonetisation along with uncertainty around GST rates and timing also impacted the overall market performance. Despite these headwinds, we showed strong resilience and delivered 15.6% y-o-y revenue growth in the domestic market, thereby outperforming the domestic pharmaceutical industry growth. This outperformance was largely driven by a healthy volume growth in our key brands, new product launches which included indigenously developed and in-licensed products, robust prescription growth and several SFE (Sales Force Effectiveness) initiatives positively impacting productivity. All these growth drivers more than offset the regulatory headwinds and DPCO led pricing pressure during the year.

We continued to further consolidate our position and gain market shares in acute therapy areas where we enjoy leadership positions in therapy segments such as anti-infectives, gastro-intestinal, pain management and vitamins / minerals / nutrients. In chronic therapy areas such as neuro / CNS, cardiac and anti-diabetes, which have been identified as major growth drivers for the Company,

we continue to build on our base led by market share acquisitions and new product launches.

We also forayed and made investments in the India OTC market which presents a significant growth opportunity, given our strong brand building capabilities, vast distribution network and our decades-rich market insights. During the year, we partnered with Haw Par to exclusively market, sell and distribute Tiger Balm range of products in India and also launched a host of other OTC brands including Pregakem and Livoerb through direct consumer marketing.

Our International Business has also been progressing very well in line with our consistent strategy of focusing on select key markets. We have established front-end marketing capabilities, robust product pipeline and manufacturing assets with a clean regulatory compliance history that provides us with competitive advantages and solid platform for future growth.

In the US market, which remains our largest and the most important overseas market, we filed 14 ANDAs during the year with the USFDA and received 9 approvals including four tentative approvals. We launched seven products in the market, of which five were from our own portfolio and two were in-licensed products. Our business in US grew by 21.5% y-o-y led primarily by market share gains in existing products and supported by new launches. These growth rates were delivered at a time when buyer side consolidation is resulting into pricing pressure for the entire generic industry. During the year, we successfully closed US FDA inspections at three of our manufacturing facilities in Daman, Baddi and Ankleshwar, and also at our Taloja Bioequivalence facility thereby re-emphasising our commitment and focus towards quality and compliance.

We are also seeing encouraging growth in key markets of Australia, Chile, Kazakhstan and Philippines where we are going deeper and expanding our footprint.

Our approach of consistent strategy and smart execution yielded impressive financial performance for the year with y-o-y revenues growth of 15.9% - revenues of ₹58,525 million this year compared to ₹50,479 million last year. The revenue growth was accompanied with y-o-y Gross margin and EBITDA margin expansion of 90bps and 20bps respectively driven by better product mix and higher operating efficiencies. The revenue growth and margin expansion was delivered against a backdrop of steep DPCO led price cuts in domestic market, demonetisation and GST uncertainty led market sluggishness and pricing pressure in the US. At the same time we continued to increase our investments in R&D, both in absolute terms with 47.9% increase y-o-y; as well as percentage of revenue - 5.5% in financial year 2017 vs 4.3% last year. We also invested significantly (total capital expenditure of ₹ 6.4 billion vs. ₹ 2.6 billion last year) in augmenting and upgrading our manufacturing facilities to cater to our growing demand in domestic and international markets. Our new formulation manufacturing unit in Samardung, Sikkim became operational in March 2017 which would extend our fiscal benefits and lower our effective tax rate. At the core of our investment decisions is our belief that we can create sustainable growth through investing in right market opportunities notwithstanding dynamic market environment. Investors have appreciated the growth strategy and operational performance of the Company through significant appreciation in our stock price (63% y-o-y increase against 1% y-o-y and 17% y-o-y increase in BSE Healthcare Index and Sensex respectively) and have put us in the elite

club of India's top 100 companies by market capitalisation (Source – NSE as on 31st March, 2017).

We remain extremely buoyant about the future growth prospects and the way we have positioned the Company to capitalise on future market opportunities. The core of our actions would revolve around consistency in our strategy and executional excellence. We continue to remain focused on value creation in a volatile and continuously evolving global business environment on back of a committed, motivated and dynamic team who are future ready.

Warm Regards

**Prabhat Agrawal**  
Chief Executive Officer

# LONG-TERM STRATEGIC PRIORITIES

			
<p><i>Consolidate market leading position in India in the acute segments</i></p>	<p><i>Build on the base in the chronic segments in India</i></p>	<p><i>Grow presence in the US and other key international pharmaceutical markets</i></p>	<p><i>Continued focus on R&amp;D to build a robust product pipeline for key markets</i></p>

## Company's Priorities

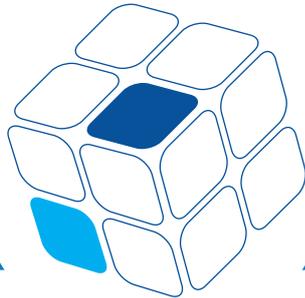
- 1** Consolidate its leadership position in the Indian acute segment by driving growth in its mega brands and growing its prescriber base
- 2** Increase its market share in the Indian chronic segment through expanding its prescriber base and new product introductions
- 3** Improve its field force productivity through Sales Force Effectiveness (SFE) initiatives
- 4** Continued focus on R&D to accelerate ANDA filings for the US markets and develop differentiated portfolio for its key focused markets
- 5** Seek strategic partnerships and collaborations to enhance its capabilities and product portfolio for key focused markets
- 6** Continued efforts to ensure all its manufacturing and R&D facilities comply by the cGMP norms laid down by the leading regulators across the world



## SFE INITIATIVES AT ALKEM



The Company has achieved and retained its position amongst the top 5 pharmaceutical companies in India. This is largely an outcome of having a highly informed and motivated field force that regularly meets the medical prescribers. The Company undertakes several initiatives to increase their in-clinic effectiveness and productivity in order to ensure sustainable and profitable growth.

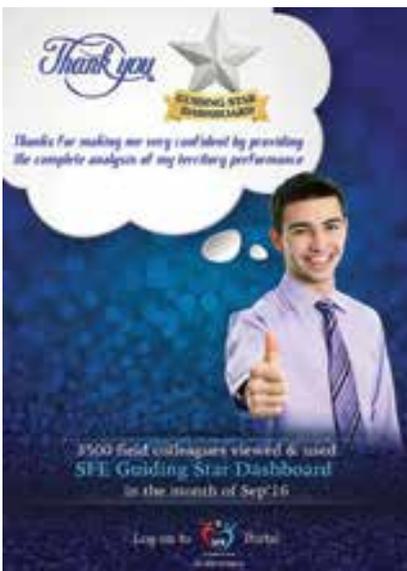


The Company has 6,500+ medical reps in India, who regularly meet medical prescribers to detail them about its existing as well as new products. Increasing its in-clinic effectiveness and productivity is one of the key focus areas of Alkem. The Company undertakes multiple initiatives under its Sales Force Effectiveness (SFE) programme to expand the skill sets of existing medical reps, standardising their operating procedures, and to better leverage information technology and reporting tools. These initiatives have shown promising results with improved y-o-y productivity of the medical reps.



#### Project Pride – e-detailing

Under Project Pride, Alkem introduced tablet based e-detailing to doctors. During the financial year 2017, the Company conducted 6,00,000+ digital detailing with medical prescribers through its 2,500+ tablet enabled medical reps. The response received from doctors on the tab based detailing practice has been encouraging.



#### New SFE tools

The Company has launched various technology based SFE tools and matrix that helps the medical reps to periodically monitor and analyse their efforts and performance. The reports generated by these tools are detailed and insightful, assisting medical reps to strategise well to achieve their sales targets.

#### Comprehensive and regular training programme

The Company has a comprehensive training programme for its marketing reps, to drive better product and therapy level understanding, improve their selling skills, impart behavioural training, teach them different communication and marketing techniques and also develop their people management skills.

#### Incentive plan

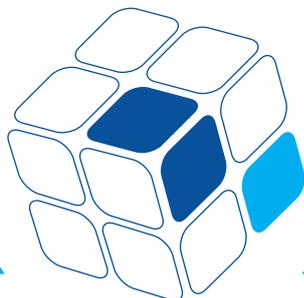
Alkem's incentive plan is meticulously designed to motivate its medical representatives to drive the Company's growth agenda, at the same time enhance the earning potential of its sales force. The Company's flagship event, the Star Awards is one of the most awaited awards function, where the best performers are rewarded by taking them to a fully-paid international recreational trip.

Improving sales force effectiveness is a continuous process at Alkem. The Company always seeks to utilise technology, implement advance monitoring and review tools and use innovative training programmes to further build on the capabilities of its MRs and thereby augment their productivity.

## TARGETING ONE OF INDIA'S FASTEST GROWING MARKETS

India's OTC (over-the-counter) market size is estimated to be ₹ 145 bn and is expected to grow significantly owing to demographic and economic factors. The market expansion will be driven by greater health awareness levels, fast-pace lifestyle, high level of work stress, increasing confidence to self-medicate and use of mass media and celebrity endorsement. Key OTC categories include vitamins and dietary supplements, gastrointestinals, aches/pains, cough and cold, personal hygiene and dermatologicals.





At Alkem, the focus is on leveraging the Company’s vast distribution network and proven brand building capabilities to emerge as a formidable player in the Indian OTC market. The domestic OTC segment offers significant opportunities with market-driven pricing and less regulatory constraints. Moreover, this business will help enhance corporate visibility and brand recall.

In the financial year 2017, the Company entered into an alliance with Haw Par India, a wholly owned subsidiary of Haw Par Healthcare Ltd., Singapore to exclusively market, sell and distribute Tiger Balm range of products in India. Tiger Balm range of products is an internationally known remedy for headaches, upper respiratory congestions, rheumatic or arthritic pains and muscular sprains. Tiger Balm

products will be promoted by Alkem Healthcare, an Over the Counter (OTC) division of Alkem. Given its strong sales and distribution infrastructure and robust execution capabilities, the Company expects this alliance to not only grow Tiger Balm’s franchise in India, but also significantly drive its presence in OTC market in India.

Apart from this alliance, the Company has already started strengthening its OTC portfolio with product introductions in the personal hygiene / lifestyle segment, gastrointestinal space and cold and cough segment. The Company has made investments on celebrity endorsements, TV commercials, digital marketing and other mass media platforms to market and promote its OTC brands.

#### Alkem’s OTC Portfolio in India

Brand	Product	Description
Tiger Balm	Pain relieving balm	Internationally known remedy for headaches, upper respiratory congestions, rheumatic or arthritic pain and muscular sprains
Pregakem	Pregnancy detection kit	A quick and easy-to-use pregnancy detection kit
Livoerb Syrup	Herbal based liver tonic	Helps in regeneration of liver cells and aids in faster recovery; and also addresses the loss of appetite
Playgard	Condoms	Condoms made up of high quality natural latex
Honyhony	Cough syrup	A honey based syrup that acts as a natural cough solution; it provides long-lasting relief for all types of cough
UncleCool	Throat lozenges	Provides relief from throat irritation

# BUILDING GREAT TEAMS AT ALKEM

Alkem believes, that any Company is as good as its team. Over the years, the team at Alkem has played a pivotal role in enhancing the reputation and recall of its brands across geographies. The Company has steadily enhanced investments to sharpen the capabilities of 13,000+ Alkemites to make them future ready.



HR Tech Award for Best Use of Technology by World HRD Congress

The Company provides its teams with different and challenging opportunities to accelerate learning across multiple functions and geographies. This culture of knowledge share has enabled its people to carve out a fulfilling career for themselves and be an integral part of Alkem's growth story.

The corporate credo of consistent value creation has inspired Alkem to invest in its people; and prepare them for the emerging challenges of the future.

The Company has started recalibrating its HR strategies and transforming all relevant systems and processes in line with the changing aspirations of its young workforce.

The Company is proud that few of its HR initiatives like E-Discover, E-Confirmation, E-PMS, E-Separation have already been recognised by reputed accreditation bodies. In the last financial year, they won the HR Tech Award for Best use of Technology in HR by World HRD Congress.

## Employee Engagement

Besides employee development, employee engagement is also a core pillar of consistent business growth at Alkem. In financial year 2017, more than 1,000 Alkemites participated in the Star Awards; a platform where the Company recognises its best performers; in 3 International locations like Budapest, Dubai and Thailand. Also during the year, the Company carried out initiatives like Alkem Service Awards – Tenure based Awards, Applaud – Marketing Awards, HRUDAY – Internal Communication Digital Magazine and employee engagement survey to engage and further motivate its workforce and provide them better working environment.

## Learning and Development

To enhance the skill of its people, the Company set up the Alkem Learning Centre at Lonavala (Maharashtra, India). The learning centre is fully equipped with modern facilities for collective learning and development. The Centre has 39 well-equipped rooms, 5 training halls and video-conferencing facility for remote communication and learnings. In the last financial year, more than 4,000 Alkemites attended various programmes, completing a total of 30,000 person days of training.

During the year, approximately 1,700 employees attended Basic Training Programme (BTP), 1,470 attended Capsule Induction Programme (CIP), 760 attended Manager Development Programme (MDP) and 160 attended refresher and various other programmes. These programmes were aimed at developing and improving their marketing skills, soft skills, supervisory skills, customer orientation, and managerial and leadership competencies.

## Diversity

Alkem's global workforce presents a confluence of diverse nationalities, cultures and backgrounds. It is this diversity that enables them to perform in a dynamic industry scenario.

The diversity of Alkem's teams has been governed by strong leadership and robust operational guidelines and principles. The vision of the leadership and the capabilities of its people drives the Company towards a higher trajectory of growth and sustainability.

### Applaud Awards - Recognising the efforts of marketing teams at Alkem



### Star Awards - A platform where best performers are rewarded



### Alkem's learning centre at Lonavala



# BOARD OF DIRECTORS



**Mr. Samprada Singh**  
Chairman Emeritus



**Mr. Basudeo N. Singh**  
Executive Chairman



**Mr. Dhananjay Kumar Singh**  
Joint Managing Director



**Mr. Sandeep Singh**  
Joint Managing Director



**Mr. Balmiki Prasad Singh**  
Executive Director



**Mr. Mritunjay Kumar Singh**  
Executive Director



**Mr. Arun Kumar Purwar**  
Independent Director



**Mr. A. M. Prasad**  
Independent Director



**Mr. Ranjal Laxmana Shenoy**  
Independent Director



**Ms. Sangeeta K. Singh**  
Independent Director



**Ms. Sudha Ravi**  
Independent Director



**Dr. Dheeraj Sharma**  
Independent Director

## Mr. Samprada Singh

### Chairman Emeritus

Mr. Samprada is one of the co-founders of the Company and an industry veteran with over 43 years of experience in Indian pharmaceutical industry. He has received various prestigious awards such as the 'Life Time Achievement Award' by Pharma Business and Technology in 2000, the 'Lifetime Achievement Award' at the Pharmaceutical Leadership Summit 2009, 'Asian Grid Leadership Lifetime Achievement Award 2006', the 'Life Time Contribution Award' by the Express Pharma Excellence Awards in 2004 and 'Lifetime Achievement Award'

at the 2nd Annual AWACS Awards in Marketing Excellence, 2015. Very recently, he was also bestowed with the EY Entrepreneur of the Year Award in Life Sciences for the year 2016.

## Mr. Basudeo N. Singh

### Executive Chairman

Mr. Basudeo N. Singh has almost four decades of experience in the Indian pharma sector and is also the co-founder of the Company. He was the president of the Indian Drug Manufacturer's Association for the period 2007-09. He has received Business Leader of

the Year 2014 award in the 7th Annual Pharmaceutical Leadership Summit and Pharma leaders Business Leadership Awards 2014. He was also bestowed with the EY Entrepreneur of the Year Award in Life Sciences for the year 2016.

## Mr. Dhananjay Kumar Singh

### Joint Managing Director

Mr. Dhananjay Kumar Singh joined the Board in the year 1988 and at present he is the Joint Managing Director of the Company. He has over 30 years of experience in the Indian pharmaceutical industry. Mr. Dhananjay Kumar Singh, is responsible for specific Domestic

Business units focusing on Acute and Chronic Therapies in addition to support functions namely Legal and Secretarial, Purchase, Distribution & Logistics and Human Resources at the Company.

### **Mr. Sandeep Singh**

#### **Joint Managing Director**

Mr. Sandeep Singh joined the board in 2013 and at present he is the Joint Managing Director of the Company. Mr. Sandeep Singh, is responsible for International Business, R & D including Biotech, Finance, Quality & Compliance, API and Formulation Manufacturing facilities for International Business at the Company. He was honoured with the Emerging Pharma Leader of 2016 award by Pharma Leaders in association with the Ministry of Healthy & Family Affairs, Government of India.

### **Mr. Balmiki Prasad Singh**

#### **Executive Director**

Mr. Balmiki Prasad Singh joined the Board in 1988. Prior to being appointed as a member of the Board, he was employed with the Company in various other capacities. He has over 30 years of experience in the Indian pharmaceutical industry.

### **Mr. Mritunjay Kumar Singh**

#### **Executive Director**

Mr. Mritunjay Kumar Singh joined the Board in 1988 and he has been associated with the management of the Company for a period over 25 years. He is also the Managing Director of the Company's subsidiary, Indchemie Health Specialities Private Limited. Mr. Mritunjay Kumar Singh, is responsible for certain Domestic Business units focusing on Acute and Chronic Therapies, Generics and Healthcare in addition to Strategy & Business Development and Manufacturing Facilities for Domestic Business at the Company.

### **Mr. Arun Kumar Purwar**

#### **Independent Director**

Mr. Arun Kumar Purwar joined the Board in 2015. Mr. Purwar in the past has

served as the chairman of State Bank of India from November 2002 to May 2006. Mr. Purwar was the chairman of Indian Bank Association during 2005-2006. He has received various prestigious awards such as the 'CEO of the Year' Award from the Institute of Technology and Management in 2004, "Outstanding Achiever of the year" award from the Indian Banks' Association in 2004 and "Finance Man of the Year" award by the Bombay Management Association in 2006.

### **Mr. Akhouri Maheshwar Prasad**

#### **Independent Director**

Mr. Akhouri Maheshwar Prasad joined the Board in 2015. Mr. Prasad has served the Government of India in the Indian Revenue Service for 37 years. He has held several key positions in the Government including Special Secretary to Gol and Director General, Central Economic Intelligence Bureau, Member of the Central Board of Excise and Customs, Chief Commissioner, Central Excise and Customs, Maharashtra.

### **Mr. Ranjal Laxmana Shenoy**

#### **Independent Director**

Mr. Ranjal Laxmana Shenoy joined the Board in 2015. Mr. Shenoy has over 30 years of working experience with companies in different industrial segments, including the position of Whole Time Director – Finance and Legal and Company Secretary, in Merck Limited, India, (formerly known as E. Merck (India) Limited). He is a qualified Chartered Accountant, Cost Accountants and Company Secretaries. He is also an Associate Member of the Indian Institute of Bankers (C.A.IIB).

### **Ms. Sangeeta K. Singh**

#### **Independent Director**

Ms. Sangeeta Singh joined the Board in 2015. She has previously served as an Executive Director in KPMG in the capacity of Head of Human Resource for India from August 2007 to February 2013.

### **Ms. Sudha Ravi**

#### **Independent Director**

Ms. Sudha Ravi has over 30 years of experience across banking and financial services and is currently an Executive Director (not on board) of Piramal Fund Management Private Limited. Prior to joining Piramal Fund Management Private Limited, she has spent more than 30 years at State Bank of India in various capacities - General Manager, Enterprise Risk Management at the Corporate Office, as Representative, Regional Office, Washington D.C. US and as Deputy General Manager and Private Secretary at the Chairman's Secretariat at State Bank of India. Ms. Sudha Ravi is also the chairperson of ASSOCHAM National Council of Non-Banking Financial Companies. Ms. Sudha Ravi joined the Board in 2015.

### **Dr. Dheeraj Sharma**

#### **Independent Director**

Dr. Dheeraj Sharma holds a doctoral degree with a major in marketing and a double minor in psychology and quantitative analysis from Louisiana Tech University. His primary research interests are "relationships" in business domain. He is a Director of Indian Institute of Management – Rohtak and a Professor (on lien) at Indian Institute of Management – Ahmedabad. He has also served as consultant or in advisory roles with Ministry of Home Affairs, Ministry of Defence, Ministry of Youth Affairs and Sports, Ministry of Commerce, Govt. of Gujarat, Govt. of Punjab and Govt. of Delhi. Dr Sharma joined the Board in May 2017.

# SERVING THE COMMUNITY

At Alkem, the overriding philosophy is to be recognised as a force for good in society. The Company undertakes diverse community initiatives as a part of its Corporate Social Responsibility (CSR) agenda.

From providing healthcare, education, to environment conservation, rural empowerment, vocational training and encouraging sports, the Company works to help communities realise their full potential. Alkem also collaborates with NGOs and other stakeholders to provide need-based interventions to the disadvantaged sections of society.



Setting up of primary healthcare centre at Baddi, India



Stitching workshop for ladies at Bharuch, India



Construction of outdoor stadium at Jehanabad, Bihar, India



Tree plantation at Kharchi Primary School, Gujarat, India



Construction of toilets and bathrooms at Swami Shahjanand Trust, India



Construction of school building at Dharna camp village, Talaja, India

# AWARDS AND RECOGNITIONS



- 2016** Samaprada Singh and Basudeo N. Singh were bestowed with 'EY Entrepreneur of the Year' award in Life Sciences
- Sandeep Singh received the 'Emerging Pharma Leader of 2016' award by Pharma Leaders in association with the Ministry of Healthy & Family Affairs, Government of India
- Prabhat Agrawal received 'CEO of the Year 2016' award by Pharma Leaders in association with the Ministry of Healthy & Family Affairs, Government of India
- Brand 'Pan' received 'Brand of the Year' award in sub-chronic category at AWACS Awards, 2016
- Alkem received 'HR Tech Award for Best use of Technology in Human Resources' by World HRD Congress
- 2015** Brand 'Melbild' received the 'Emerging Dermatology Brand 2015' at the CIMS Award, 2015 and 'Silver Award, New Introduction of the Year, Chronic Category: Top 50 Companies' at the AIOCD Award, 2015
- 2014** Brand 'Clavam' was recognised as the 'Brand of the Year' at the AWACS Award, 2014
- 2013** Alkem was conferred 'India's Most Admired Pharma Company Award for 2013' at the 6th Annual Pharmaceutical Leadership Summit in 2013
- 2009** Alkem received certificate of appreciation for outstanding export performance in the category of formulations by the Pharmaceuticals Export Promotion Council of India, supported by the Ministry of Commerce and Industry, Government of India
- 2005** Awarded the Overall Performance Award for Group B at the 5th Express Pharma Awards in 2005



# MANAGEMENT DISCUSSION AND ANALYSIS

## Economic Overview

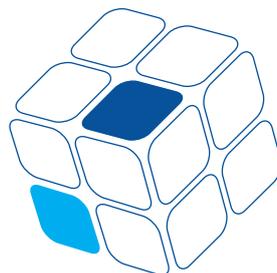


### Global Economy

Financial year 2017 did not usher in good tidings for the global economy. Global growth was sluggish and reflected a more subdued outlook following the June 2016 UK vote in favour of leaving the European Union (Brexit) and weaker-than-expected growth in the United States. These developments exerted further downward pressure on global interest rates, as monetary policy is now expected to remain accommodative for longer (Source: IMF).

However, after a lacklustre performance in 2016, economic activity is expected to gather pace in 2017 and 2018, especially in emerging market and developing economies. Global growth is expected to rise from 3.1% in 2016 to 3.4% in 2017 and 3.6% in 2018. This is owing to a pick-up in global economic activity with a long-awaited cyclical recovery in investment, manufacturing and trade. However, projected outcomes may differ, depending on the impact of the prevailing downside risks and policy stance of the new US administration and its global ramifications.

Global growth is expected to be driven by improvements in emerging markets and developing economies. In emerging markets and developing economies, investment in human and physical capital would help reduce the unmet needs in skills and infrastructure thereby enhancing growth for the upcoming years.



## Global growth pattern

	2015	2016	2017 (P)	2018 (P)
World Output	3.2	3.1	3.4	3.6
Advanced Economies	2.1	1.7	2.0	2.0
United States	2.6	1.6	2.3	2.5
Euro Area	2.0	1.7	1.7	1.6
Japan	1.2	1.0	1.2	0.6
United Kingdom	2.2	1.8	2.0	1.5
Other Advanced Economies*	2.0	2.2	2.3	2.4
Emerging and Developing Economies	4.1	4.1	4.5	4.8
China	6.9	6.7	6.6	6.2

P: Projections \*(Excludes the G7 - Canada, France, Germany, Italy, Japan, United Kingdom, United States and euro area countries)  
Source: International Monetary Fund

After a lacklustre performance in 2016, economic activity is expected to gather pace in 2017 and 2018, especially in emerging market and developing economies



### Indian Economy

India continues to be one of the fastest growing major economies of the world. The year 2016-17 saw two major policy initiatives: the passage of the Constitutional

amendment, paving the way for the implementation of the 'game changing' Goods and Services Tax (GST); and the action to demonetise the two highest denomination notes.

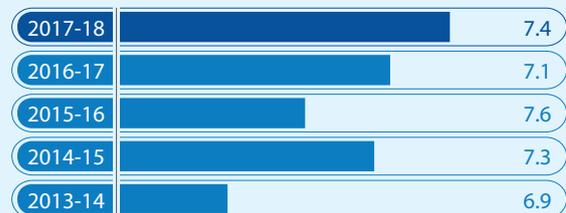
Despite the short-term hardships brought by the high denomination notes ban, India is projected to grow by 7.1% in financial year 2016-17 and is expected to further move up to around 7.4% in 2017-18. The country has positioned itself as one of the most vibrant emerging economy amongst major economies with a robust private consumption and significant reforms being implemented by the government.

Over the last few years, India has taken a host of economic reforms initiative, including the implementation of GST and liberalisation of the FDI regime, with a view to improve business climate and promote growth. The Government of India has also started several initiatives such as Make in India, Digital India, Skill India, Start-up India and so on to empower domestic manufacturing, create appropriate infrastructure and enhance digital literacy and talent pool to empower millions of people. Overall, India is poised for a long-term growth trajectory, powered by greater access to banking, technology adoption, urbanisation and other structural reforms.

## Why GST is a game changer?

- Provides a uniform tax framework for indirect taxes
- Unifies fragmented Indian market under uniform taxation
- Enhances the ease of doing business with transparent taxation
- Removes cascading effects of taxes
- Saves government's cost in tax collection
- Reduces corruption with unified taxation

### India's GDP growth rate (%)



Source: CRISIL Research

India's GDP growth is expected to move up to around 7.4% in 2017-18 compared to 7.1% in 2016-17

# Pharmaceutical Industry Overview



The share of global spending in new medicines is expected to rise to 30% in 2016 and to 35% by 2021

over 604 million, or 10.8% of the total global population. Henceforth, the increasing need of medicines is prominently visible for better health and lives.

## Global Pharmaceutical Industry

The global medicine spending is forecasted to grow at a CAGR of 4-7% through 2016-21 to reach nearly US\$ 1.5 trillion by 2021 on an invoice price basis. This is nearly US\$ 370 billion higher than the 2016 estimated spending level. Most of the growth in the developed market will be driven by newer medicines / original brands, while on the other hand, pharmerging markets will continue to drive volume led growth fuelled by non-original (generic / off-patented) products and improved access to quality healthcare.

### The key drivers of growth includes

- **Ageing Population:** Global population is ageing rapidly. Enhanced life expectancy has gone up from an estimated 72.3 years in 2014 to 73.3 years in 2019, which in turn would bring the number of people aged 65+ worldwide to

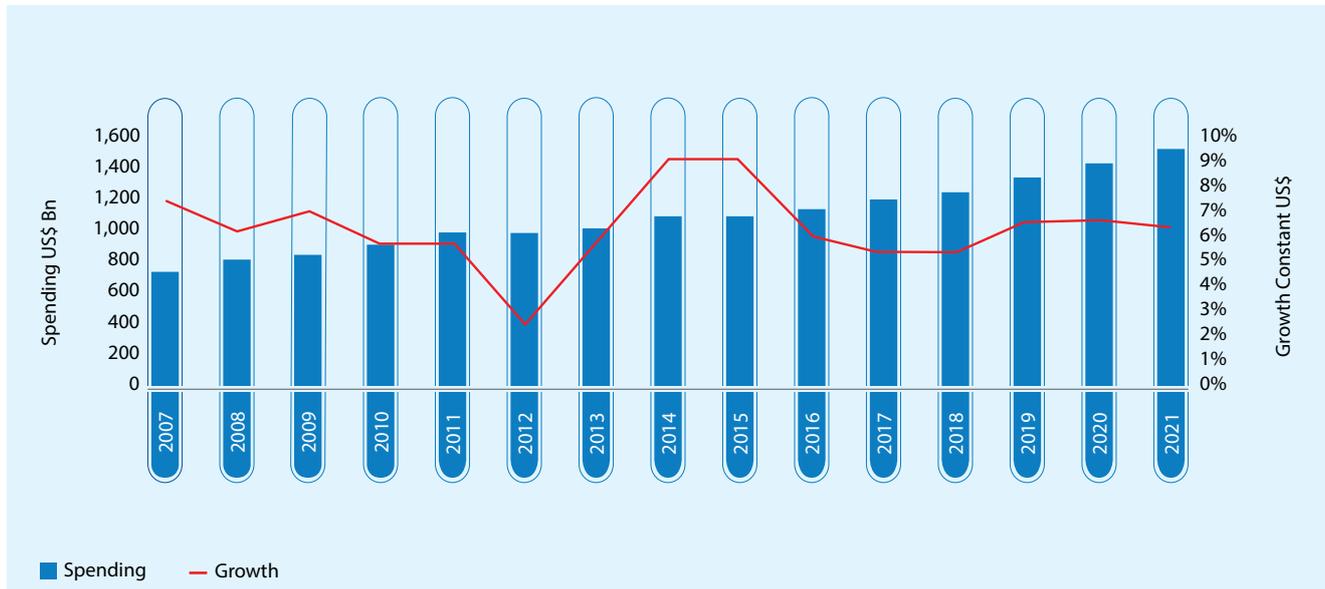
- **Chronic and Non-Communicable Diseases:** In contemporary world, both in developed and emerging countries, the threat of chronic and non-communicable diseases is increasing at an alarming rate. Diseases like obesity, cardiovascular, hypertension and dementia are rising. These widespread health problems are challenging public health systems to meet the increasing demand for drugs and treatments.
- **Newer Medicines:** It is estimated that the compound annual growth rate of global R&D spending which was 1.7% during 2008-15; is expected to grow by 2.8% during the period of 2016-22. The share of global spending in new medicines is expected to rise to 30% in 2016 and to 35% by 2021. The launch of new medicines will address significant unmet needs in cancer, diabetes, autoimmune diseases, nervous systems and others. The patient's reach to new medicines would be large with 2,240 drugs in the late-stage pipeline. It is also forecasted that 45 New Active Substances (NAS) would be launched on an average per year through 2021.
- **Health Care Reforms:** Due to an increasing demand for proper health care reforms, countries are taking initiatives in providing efficiency and absolute solutions to diseases and other problems faced by humans. Governments are taking a broad approach to cost containment by implementing comprehensive health care reforms.

## Key Region and Country Spending and Growth to 2021

	2016 (US\$ Bn)	2011-2016 (CAGR Constant US\$)	2021 (US\$ Bn)	2016-2021 (CAGR Constant US\$)
Global	1,104.6	6.2%	1,455-1,485	4-7%
Developed	749.3	5.4%	975-1,005	4-7%
Pharmerging	242.9	10.3%	315-345	6-9%
Rest of the World	112.4	3.5%	130-160	3-6%

Source: IMS Market Prognosis, Oct 2016

### Global Market Spending and Growth 2007-2021



Source: IMS Market Prognosis, Sept 2016; QuintilesIMS Institute, Oct 2016

#### Global Generics Market

The global demand for generic drugs will continue to grow as consumers pursue avenues to reduce costs. The generic drugs by volume in the United States, comprises about 70% of the pharma market. Whereas, it is much higher in the United Kingdom, accounting for nearly 84% of the pharma market in 2012. The generics share in Mexico has also grown from 54% of total market volume in 2010 to 84% in 2013. On the other hand, Brazil’s generic sales is also constantly increasing by 11% y-o-y. The main reason forcing this growth has been significantly

reduced generic drug prices compared to the original brands. On an average, the cost of a generic drug is 80 - 85% lower than that of a patented drug. Once drugs lose patent protection, generics takes up to 90% of sales.

The growth in the global generic market along with the increased competitiveness of emerging market firms has resulted in generic companies in emerging markets gradually gaining global market share.

#### Spending and Growth by Region and Product Type

Spending 2021 US\$	Original Brands	Non-original Brands	Unbranded	Other Products	Total (US\$ Bn)
Global	56%	22%	12%	10%	1,455 - 1,485
Developed	69%	14%	12%	5%	975 - 1,005
Pharmerging	22%	42%	14%	22%	315 - 345
Rest of the World	51%	27%	8%	14%	130 - 160

2017 - 2021 CAGR Constant US\$	Original Brands	Non-original Brands	Unbranded	Other Products	Total
Global	3 - 6%	9 - 12%	3 - 6%	3 - 6%	4 - 7%
Developed	3 - 6%	13 - 16%	1 - 4%	0 - 3%	4 - 7%
Pharmerging	4 - 7%	7 - 10%	8 - 11%	5 - 8%	6 - 9%
Rest of the World	2 - 5%	4 - 7%	3 - 6%	3 - 6%	3 - 6%

Source: IMS Market Prognosis, Sept. 2016; QuintilesIMS Institute, Oct 2016.

Notes: Spending share point values for guidance, Growth estimate +/- 1.5%; Other products includes OTC products and non-categorised products

### Developed Markets

The developed markets comprise of US, Japan, EU5 (Germany, UK, Italy, France and Spain), Canada, South Korea and Australia. Each of these markets represent a diverse range of health systems from the way in which they are funded, controlled and their expectations of spending and growth. This group of ten developed markets is expected to grow at CAGR of 4-7% through 2016-21 and represent 67% of the global spending in 2021 – little lower than 68% in 2016.

Developed Markets expected to grow at CAGR of 4-7% through 2016-21 and represent 67% of the global spending in 2021

### Key Region and Country Spending and Growth to 2021

	2016 (US\$ Bn)	2011-2016 CAGR (Constant US\$)	2021 (US\$ Bn)	2016-2021 CAGR (Constant US\$)
Global	1,104.6	6.2%	1,455-1,485	4-7%
Developed	749.3	5.4%	975-1,005	4-7%
US	461.7	6.9%	645-675	6-9%
EU5	151.8	3.9%	170-200	1-4%
Germany	43.1	4.4%	49-59	2-5%
UK	27.0	6.7%	34-38	4-7%
Italy	28.8	5.2%	34-38	1-4%
France	32.1	0.7%	33-37	(-1)-2%
Spain	20.7	3.2%	23-27	1-4%

Source: IMS Market Prognosis, Oct 2016

### United States

The US pharmaceutical market is the leading market, growing at 6.9% over the past five years and expected to grow by 6-9% over the next five years. However the growth in medicine spending in the US after estimated discounts and rebates is forecasted to grow at 4-7%.

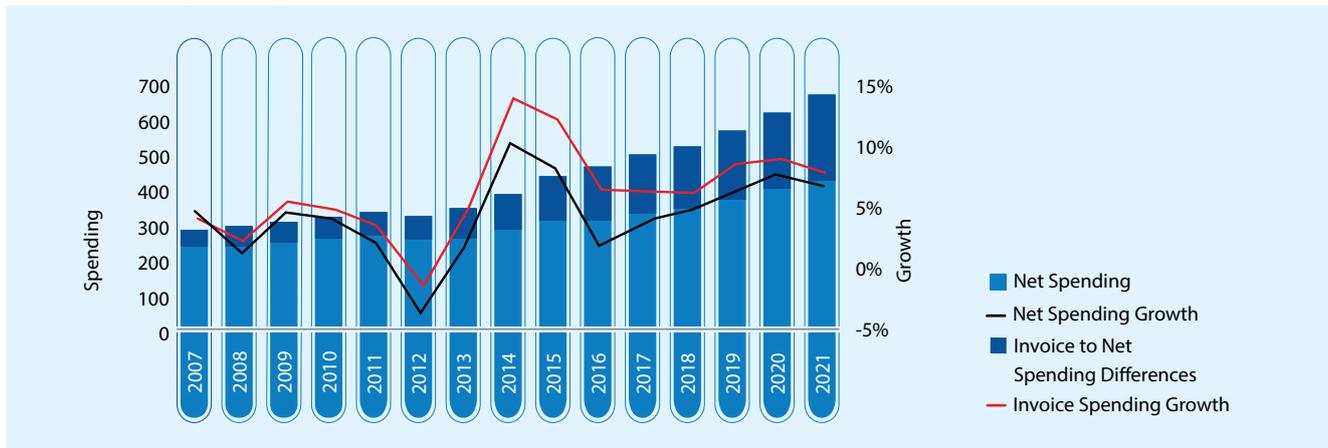
The US market can be broadly classified into two main segments: Branded and Generic drugs. Generic drugs currently accounts for nearly 90% of prescriptions in the US, and is projected to rise to 92% by 2021 as more medicines lose patent protection and rapidly shift to generics. Growth in the generic market would be largely driven by higher patent expiries which is expected to reduce overall spending on branded drugs by US\$143.5 billion in the next five years compared to US\$ 91.1 billion over the last five years. Biosimilars are also expected to have a significant impact on medicine spending in the US over the next five years with 25-35 in development, and a large percentage of them expected to reach the market by 2021 pending regulatory review and litigation.

**92%**

US Pharmaceutical market is expected to grow by 6-9% over the next five years with share of generic prescriptions increasing from 90% currently to 92% by 2021

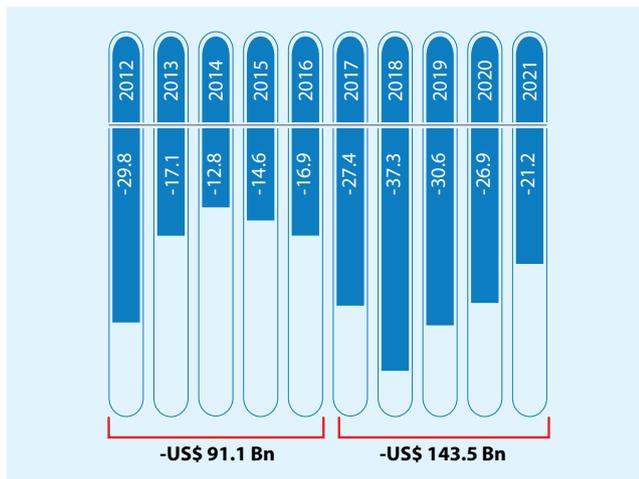


### US Medicines Spending and Growth 2007-2021 US\$ Bn



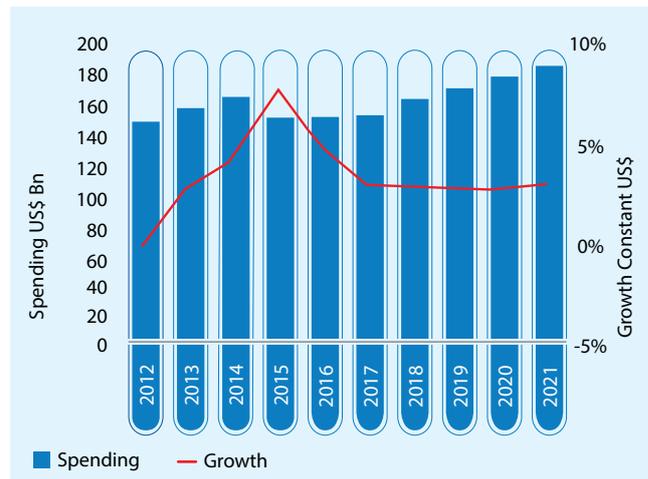
Source: IMS Market Prognosis, Sept 2016; QuintilesIMS Institute, Oct 2016

### Impact of US Losses of Exclusivity on Brand Spending US\$ Bn



Source: Outlook for Global Medicines through 2021, Report by QuintilesIMS Institute, Oct 2016

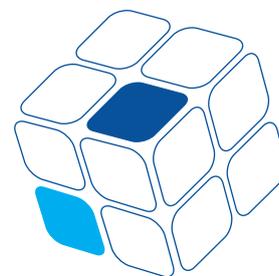
### EU5 Countries Spending and Growth 2012-2021



Source: IMS Market Prognosis, Sept 2016; QuintilesIMS Institute, Oct 2016

### EU5

It is estimated that medicine spending in EU5 - the top five European markets (Germany, France, Italy, Spain and the UK) will increase from US\$ 151.8 billion in 2016 to US\$ 170-200 billion in 2021, at the pre-rebate or list-price level, as the pharma markets of UK grows (pre-rebate) at a rate of 4-7%, Italy and Spain grows at 1-4%, France grows at (-1)-2% and Germany grows at 2-5%. The European governments would exercise mechanisms to control price and/or access to innovative drugs. This will continue to be the primary tool to manage spending on medicines and limit spending growth through the forthcoming years.



### EU5 Spending and Growth to 2021

	2016 (US\$ Bn)	2011-2016 CAGR (Constant US\$)	2021 (US\$ Bn)	2016-2021 CAGR (Constant US\$)
EU5	151.8	3.9%	170-200	1-4%
Germany	43.1	4.4%	49-59	2-5%
UK	27.0	6.7%	34-38	4-7%
Italy	28.8	5.2%	34-38	1-4%
France	32.1	0.7%	33-37	(-1)-2%
Spain	20.7	3.2%	23-27	1-4%

Source: IMS Market Prognosis, Sept. 2016; QuintilesIMS Institute, Oct 2016.

### Japan

The pharmaceutical market of Japan is the second largest developed market after the United States. The medicine spending in Japan market is estimated to grow from US\$ 90.1 billion in 2016 to US\$ 90-94 billion in 2021, at compound annual growth rate of (-1)-2% over the period. One of the reasons for this low growth rate is the price cuts which are taken every two years and more sharply on medicines that are more widely used than forecasted.

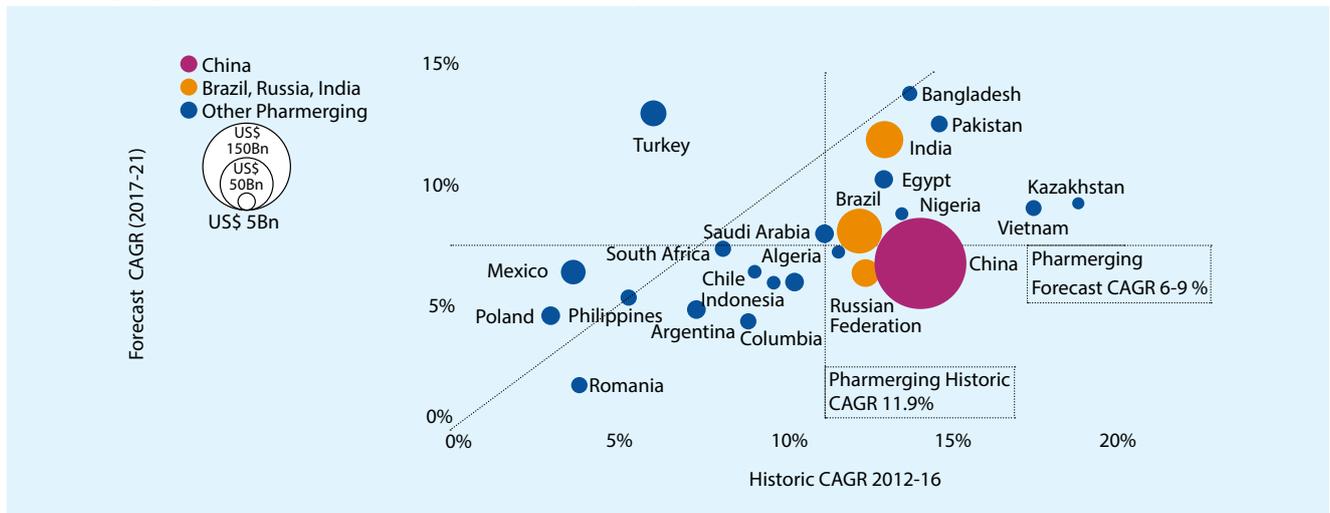
However high levels of affordability, access to healthcare facilities, increasing burden of the elderly population, well

defined regulatory guidelines and the Government efforts towards promoting the use of generics as a cost-containment tool are the chief ingredients of the growth in this large market.

### Pharmerging Markets

According to the IMS report, by 2021 the medicine spending in the pharmerging markets is expected to constitute about 25% of the total global medicine spending – higher than current contribution of about 22%. The medicine spending in the pharmerging markets is forecasted to grow at 6-9% rate through 2016-21 – higher than the estimated global medicine spending growth rate of 4-7% during the same period.

### Pharmerging Markets Historic and Forecast Spending Growth



Source: IMS Market Prognosis, Oct 2016

Sustained economic prosperity along with strong commitment by governments to provide wider access to health care facilities and expanding private insurance markets, has been some of the important factors that are expected to drive growth in the pharmerging markets.

The immense growth potential in pharmerging market has driven large multinational pharmaceutical companies to focus

on specific regions by pursuing organic as well as in-organic routes. Acquisitions and alliances are the new strategy applied by the large players to make in-roads into the new geography.

**The Pharmerging market is expected to constitute about 25% of the total global medicine spending - higher than current contribution of about 22%**

### Indian Pharmaceutical Industry

India enjoys an important position in the global pharmaceutical Industry. The Indian pharmaceutical market is the third largest in the world in terms of volume and thirteenth largest in terms of value, and by 2020, India is expected to be amongst the top three pharmaceutical markets by incremental growth and sixth largest market globally in absolute size.

According to CRISIL Research, the Indian pharmaceutical industry is expected to grow at a CAGR of 11-13% through financial year 2015 to 2020 to reach US\$ 62-67 billion by financial year 2020. The growth in Indian Pharmaceutical market would be driven by factors like:

- **Skilled workforce:** India has a skilled workforce as well as high managerial and technical competence in comparison to its peers in Asia. It has the second largest number of USFDA approved manufacturing plants outside the US. The country has 2,633 FDA approved drug products and over 546 USFDA approved company sites (Source: IBEF).
- **Relatively low cost of production:** India's cost of production is nearly 60% lower than that of the US and almost half of that of Europe. Therefore, cost-efficiency continues to create more opportunities for Indian companies in emerging markets and Africa.

- **Increase in lifestyle oriented diseases:** Increasing fatal and chronic diseases with growing number of stress-related diseases, due to change in lifestyle is the major opportunity for Indian pharmaceutical companies to grow deeper in the segment.
- **Increase in healthcare insurance penetration:** Increasing penetration of health insurance with constant initiatives taken by the Government will boost the growth of this segment. Moreover, development in the Indian financial industry has improved healthcare financing with the introduction of products such as health insurance policy, life insurance policy and cashless claims. This has resulted in an increase in healthcare spending, which in turn, has promoted the pharmaceutical industry.
- **Growth in emerging segments:** Some of the emerging segments such as contract research and development, bio-pharma, clinical trials, bio-generics, medical tourism and pharma packaging are also expected to drive the growth of the Indian pharmaceutical industry.

In addition, increase in consumer spending, rapid urbanisation, thrust on rural health programmes, lifesaving drugs and preventive vaccines will also help the Indian pharmaceutical sector to grow.

### Indian Pharmaceutical Industry

	2009-2010	2014-2015	2019-2020 (projected)	Past 5 year CAGR up to 2014-2015	Future 5 year CAGR up to 2019-2020
Domestic formulation (₹ billion)	417.1	745.8	1,359-1,484	12.3%	13-15%
Formulation exports (US\$ billion)	5.2	11.7	18.9-20.4	17.7%	11-13%
Bulk drug exports (US\$ billion)	6.3	12.9	20.4-22.3	15.2%	10-12%
Total market (US\$ billion)	20.3	36.8	61.9-67.4	12.6%	11-13%

Source: CRISIL Research dated June 2015

#### Domestic formulations

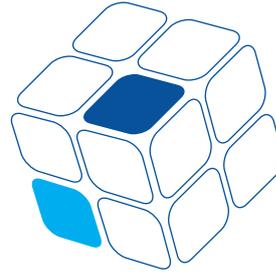
The domestic formulations industry constitutes the second largest component of the Indian pharmaceutical market after bulk drug exports and is dominated by local companies with strong formulation development capabilities. The industry is highly fragmented in nature with the top 10 companies accounting for about 42.9% of the market share for the financial year 2017, with the market leader accounting for about 8.1% in the same period. (Source: IMS TSA MAT March 2017).

Indian pharmaceutical industry is expected to grow at a CAGR of 11-13% through financial year 2015 to 2020 to reach US\$ 62-67 billion by financial year 2020



According to CRISIL Research, the domestic formulations industry is expected to grow at a CAGR of 13-15% through financial year 2015 to 2020, to reach ₹1.4-1.5 trillion by financial year 2020. This growth would be primarily driven by rising income, enhanced medical infrastructure, rise in the prevalence of chronic illnesses (cancer, diabetes, respiratory and cardiovascular disease, among others) and greater health insurance coverage. However, roll-out of GST and expansion of National List of Essential Medicines (NLEM) could materially impact the market growth rate in the near to medium-term.

The Government also recently announced National Health Policy 2017, which proposes to raise the public expenditure on healthcare segment to 2.5% of the GDP as it looks to raise the standard of healthcare delivery in India and provide quality healthcare to the masses. This could provide good boost to the overall healthcare sector in India.



US\$ 20 bn

Indian formulations exports are expected to grow at a CAGR of 11-13% between financial years 2015 and 2020, to nearly US\$ 20 billion in revenues

#### Formulation and Bulk Drugs Exports

Indian drugs are exported to more than 200 countries across the world, with the US as the key market. India accounts for around 30% by volume and about 10% by value in the US\$ 70-80 billion US generics market (Source: IBEF). India's generic drugs accounts for 20% of global exports in terms of volume, making India the largest provider of generics medicines globally. Further, the Government of India plans to set up a US\$ 640 million venture capital fund to boost drug discovery and strengthen pharmaceutical infrastructure. The 'Pharma Vision 2020' by the government's Department of Pharmaceuticals aims to make India a major hub for end-to-end drug discovery.

The export segment of the Indian pharmaceuticals manufacturing can be divided into two sub-segments: formulations and bulk drugs. These segments combined recorded a near 16.3% CAGR over the past five years to reach an approximate value of US\$ 24.6 billion in financial year 2015. The export segment is expected to keep growing due to India's key strengths of low-cost manufacturing, high process chemistry skills, approved manufacturing facilities and an increasing number of drug master filings (Source: CRISIL Research dated June 2015).

Indian formulations exports are expected to grow at a CAGR of 11-13% between financial years 2015 and 2020, to nearly US\$ 20 billion in revenues. Exports to regulated markets are expected to increase at a CAGR of 12-14% for the same period, driven by the expanding penetration of India generic products, along with the improving pace of product approvals. Exports to semi-regulated markets are expected to grow at a CAGR of 10-12%. India's bulk drug exports are estimated to increase at a CAGR of 10-12% from financial year 2015 to financial year 2020, exceeding US\$ 20 billion in revenues. This growth will be driven by increased demand for both patented and off-patent drugs (Source: CRISIL Research, June 2015). However the key challenges for formulation and bulk drugs exports would include regulatory compliance risk, exchange rate volatility and geopolitical risks.



India accounts for around 30% by volume and about 10% by value in the US\$ 70-80 billion US generics market

Source: IBEF

# Company Overview



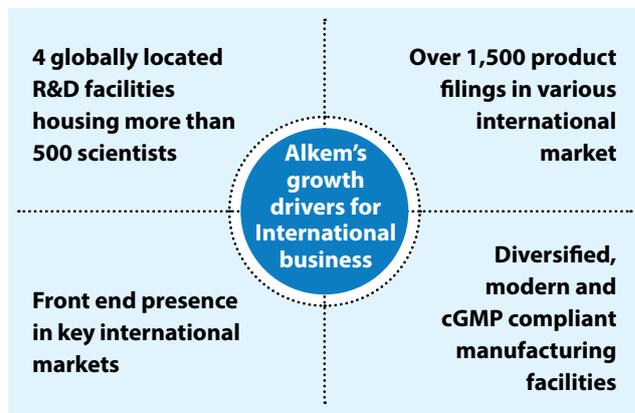
Alkem's Formulation Manufacturing Facility at Baddi, India

Established in 1973, Alkem Laboratories is a leading Indian pharmaceutical company with global operations. The Company features amongst the top five pharmaceutical companies in India in terms of domestic sales and is also the largest anti-infective company in India. Alkem ranks amongst the top three companies in India in the therapy areas of gastro intestinal and pain / analgesics. Company's leading position in India is supported by a comprehensive portfolio of 700+ brands, strong brand building and marketing capabilities, robust manufacturing infrastructure comprising of 20 diversified facilities, extensive sales, marketing and distribution network comprising of over 6,500 medical representatives, 7,000+ stockists and 40+ sales depots and warehouses and an experienced management.



Alkem is a leading pharmaceutical Company in India and an emerging global player with presence in more than 50 international markets

Apart from having a strong foothold in the domestic market, the Company also has presence in more than 50 international markets, with the United States being the key focus international market. With 4 globally located R&D facilities housing more than 500 scientists, over 1,500 product filings in various international market, cGMP compliant manufacturing facilities and front end presence in key international markets, Alkem is emerging as a stronger player each year at the global stage.



Alkem's Manufacturing Operations at Daman

# Business Segments Review



Business Segment	Revenues in FY17 (₹ mn)	Contribution to total revenues in FY17	y-o-y growth in FY17
Domestic Business	42,866	73.2%	15.6%
US Business	12,035	20.6%	21.5%
Other International Business	3,624	6.2%	3.9%
<b>Total</b>	<b>58,525</b>	<b>100%</b>	<b>15.9%</b>

## Domestic Business

### Key Financial Highlights

**₹42,866 mn**

Revenues from Domestic Business

**73.2%**

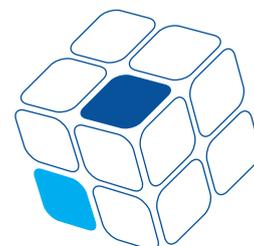
Revenue Contribution

**15.6%**

y-o-y growth in Domestic Business

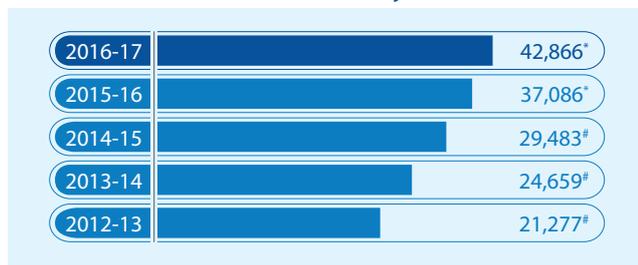
**No. 5\***

Ranked in Indian pharmaceutical industry



\* Source: IMS TSA MAT March 2017

### Domestic revenues for the last 5 years (₹ mn)



# Restated numbers including excise duty

\* Numbers in accordance to IND AS



Indian Pharmaceutical Market (IPM) is the key market for Alkem contributing over 70% to its overall revenues. The financial year 2017 was a challenging year for the Indian pharmaceutical companies due to the expansion of NLEM list, further price cuts in drugs which were a part of the earlier NLEM list, de-growth in the sales of Fixed Dose Combination (FDC) drugs which were part of the proposed ban list announced by the regulator, slowdown in the market due impact of demonitisation and uncertainty over the impact of GST roll out. As a result, the IPM secondary sales growth, as reported by IMS Health for MAT March 2017, stood at sub 10% levels at 9.1% for the financial year 2017.

Amidst this challenging environment, the Company through consistent strategy and smart execution, successfully outperformed the market with secondary sales growth of 11.4% (Source: IMS TSA MAT March 2017). The Company maintained its marketing leading rankings in its Established Therapy areas of anti-infective, gastro-intestinal and pain / analgesic, while improving its ranking in its Emerging Therapy areas of cardiac and anti-diabetes. All this was achieved through healthy growth in the Company's key brands, regular new product launches, increasing traction with the prescriber base, vast marketing and distribution reach and better field force productivity.

### Therapy-wise performance of Alkem

Therapy Area	Company's Rank	Change in Rank	Therapy Sales Contribution	Market Share	Company's Growth	Industry Growth
Anti-infectives	1	↔	42%	11.3%	9.4%	4.8%
Gastro Intestinal	3	↔	18%	5.9%	14.2%	8.5%
Pain / Analgesics	3	↔	12%	5.2%	12.8%	7.8%
Vitamins / Minerals / Nutrients	6	↓ ①	8%	3.6%	10.2%	9.0%
Neuro / CNS	11	↔	4%	2.3%	19.3%	10.2%
Derma	18	↓ ①	3%	1.6%	15.1%	16.3%
Cardiac	30	↑ ①	2%	0.6%	14.6%	8.4%
Anti-Diabetes	26	↑ ②	2%	0.8%	27.5%	17.6%
Grand Total	5	↑ ①	100%	3.5%	11.4%	9.1%

Source: IMS TSA MAT March 2017

### Company's top 10 brands are market leaders in their representative markets

S. No.	Brand Group	Molecule Category	Therapeutic Category**	Domestic Sales (₹ mn)*	IMS Rank*	Market Share*
1	Clavam	Amoxicillin + Clavulanic Acid	AI	2,622	2	15.7%
2	Pan	Pantoprazole	GI	1,972	1	30.2%
3	Pan-D	Pantoprazole + Domperidone	GI	1,905	1	28.4%
4	Taxim-O	Cefixime	AI	1,858	2	22.1%
5	Taxim	Cefotaxime	AI	1,501	1	80.3%
6	A To Z NS	Multivitamins	VMS	940	4	6.4%
7	Gemcal	Calcitriol Combinations	Pain	853	1	15.0%
8	Xone	Ceftriaxone	AI	840	2	11.7%
9	Ondem	Ondansetron	GI	810	1	31.2%
10	Sumo	Nimesulide + Paracetamol	Pain	799	1	42.5%

\*Source: IMS TSA MAT March 2017

\*\*Note: AI – Anti-infective; GI - Gastro-Intestinal; VMS - Vitamins / Minerals / Nutrients

## Key Operational Highlights 2016-17

- **Healthy sales growth:** The Company's total consolidated operating revenues from the domestic business grew by 15.6% to ₹ 42,866 million in financial year 2017, compared to ₹ 37,086 million in financial year 2016.

- **New product introductions:** The Company launched 65 new products, including line extensions and new stock keeping units, during the financial year 2017. These include in-licensed as well indigenously developed products. Key product launches were:

- **Diabetes:** Alkem launched its first DPP4 inhibitor – Tenepligiptin and its combination (Olymprix / Olymprix-M) to expand its product offering in the diabetes segment. The market of DPP4 inhibitor is one of the most progressive markets in India.

Alkem also submitted its application for clinical trials of its first in-licensing product (Evogliptin) in the diabetes segment to the drug authorities in India. Alkem has exclusive marketing rights for Evogliptin in India.

- **Antibiotics:** Alkem launched Faropenem formulation (Merosure-O) to consolidate its presence in the Penem segment.
- **CNS / Neuro:** The antipsychotic product portfolio of Alkem was enhanced further through the launch of Lurasidone (Lurakem). Alkem also launched a differentiated formulation of Clozapine with the convenience oral dispersible tablet for the first time in India.
- **Gastroenterology:** With a continued focus on gastroenterology, Alkem launched a host of new products in sub-segment of antidiarrheal such as Lactulose (Emty), Rifaximin (Rifakem) and Pre-probiotics (Novogermiina).
- **Antifungals:** During the financial year 2017, Alkem ventured into the antifungal market with progressive molecules like Itraconazole (Itratuf / Fungikem) and Luliconazole (Lilituf).
- **Continued Outperformance in the Company's Established Therapies:** The Company continued its outperformance in its Established Therapy areas of

anti-infective, gastro-intestinal, pain / analgesic and vitamins / minerals / nutrients, thereby further increasing its market share and maintaining its market leading rankings. The Company retained its number one ranking in the anti-infective segment and continues to feature amongst the top three companies in the therapy areas of gastro-intestinal and pain / analgesic.

- **Healthy growth in the Company's Emerging Therapies:** The Company delivered healthy growth in its Emerging Therapy areas of neuro / CNS, cardiac and anti-diabetes, thereby not only gaining market share but also improving its market rankings. The Company improved its rankings in the cardiac and anti-diabetes segments by one position and two positions respectively.
- **Improvement in field force productivity:** The Company saw a good y-o-y improvement in its field force productivity driven by its initiatives under the SFE Programme. The Company arranged regular training and development programmes for its medical reps to enhance their marketing skills, soft skills, supervisory skills and customer orientation. During the year, the Company also introduced e-detailing wherein the medical representatives were provided with data tablets to more effectively communicate with doctors about the Company's products.

## Enhancing presence in Over-The-Counter (OTC) Segment

During the financial year 2017, Alkem made investments in the ₹ 145 billion Indian OTC market. The Company is a pan-India player with vast distribution network of over 7,000 stockists, 40 sales depots and 8 central warehouses. The Company also has proven ability to build market leading brands. The Company is looking to leverage these strengths to build a formidable OTC business in India over medium to long-term.

Also during the financial year 2017, the Company entered into an alliance with Haw Par India Pvt. Ltd. to exclusively market, sell and distribute Tiger Balm range of products in India. Tiger Balm has high consumer recall and is trusted by millions of people in more than 100 countries. The Company also invested in marketing of its key OTC brands like Livoerb and Pregakem amongst others to increase brand awareness and recall.

With a slew of new products in the pipeline, the Company is looking forward to enhance its OTC portfolio and emerge as a significant player in the India OTC space.

**Alkem's OTC portfolio**

Brand	Product	USP
Tiger Balm	Pain relieving balm	Internationally known remedy for headaches, upper respiratory congestions, rheumatic or arthritic pain and muscular sprains
Pregakem	Pregnancy detection kit	A quick and easy-to-use pregnancy detection kit
Livoerb Syrup	Herbal based liver tonic	Helps in regeneration of liver cells and aids in faster recovery; and also addresses the loss of appetite
Playgard	Condoms	Condoms made up of high quality natural latex
Honyhony	Cough syrup	A honey based syrup that acts as a natural cough solution; it provides long-lasting relief for all types of cough
UncleCool	Throat lozenges	Provides relief from throat irritation

**Outlook for Domestic Business**

Financial year 2018 would be a year of transition for the Indian Pharmaceutical Industry as the stockists, retailers, vendors and other trade partners prepare themselves to operate under the new GST regime. Despite the changing regulatory landscape, the Company is geared to grow ahead of the market growth rate. The Company would look to consolidate its market leading position in its established therapy areas of anti-infectives, gastro-intestinal, pain management and vitamins, minerals & nutrients. It would also look at building its base in the emerging therapy areas of cardiac, anti-diabetes, CNS and derma by leveraging on its core strengths such as- building large brands in the market, vast distribution and supply chain network, strong relation with its prescriber base, and reputation for manufacturing quality products. The Company would expand its product offerings by launching innovative and differentiated products through indigenous R&D and in-licensing opportunities. The Company would also further invest to build its OTC portfolio through new product offerings and

media spends. These, along with improvement in field force productivity through SFE initiatives would be the key growth drivers for Alkem in the India market.



### Key Financial Highlights

₹ **12,035** mn

Revenues from US Business

**20.6%**

Revenue Contribution

**21.5%**

y-o-y growth in US Business

**91\***

Cumulative ANDAs filed

**39\***

Cumulative ANDAs approved

\*As on 31st March, 2017, includes 1 NDA

The US Pharmaceutical market is the second largest market for Alkem, contributing around 21% to its total overall revenues. With medicine spending in excess of US\$ 400 billion, the US is the largest pharmaceutical market in the world. Generic drugs currently accounts for nearly 90% of prescriptions in the US, and is projected to rise to 92% by 2021 as branded medicines worth more than US\$ 100 billion is expected to lose patent protection over the next 5 years.

In financial year 2017, the Company's US business delivered sales of US\$ 181 million. Supported by more than 91 cumulative ANDA filings, 6 USFDA audited manufacturing facilities, 4 globally located R&D centres and own front end presence, the Company looks forwards to the US market as one of the key growth drivers for the Company. The Company sells its products to major pharmacy chains' stores, wholesalers, managed care companies, distributors, food and grocery stores and pharmaceutical retailers in the US under its acquired brand 'Ascend'. As on 31st March, 2017, Ascend sold 26 products in the US market, out of which 19 are Company's own products and 7 are in-licensed products.

### Key Operational Highlights 2016-17

- **Strong revenue growth:** The Company's total consolidated operating revenues from the US business increased by 21.5% to ₹ 12,035 million in financial year 2017, compared to

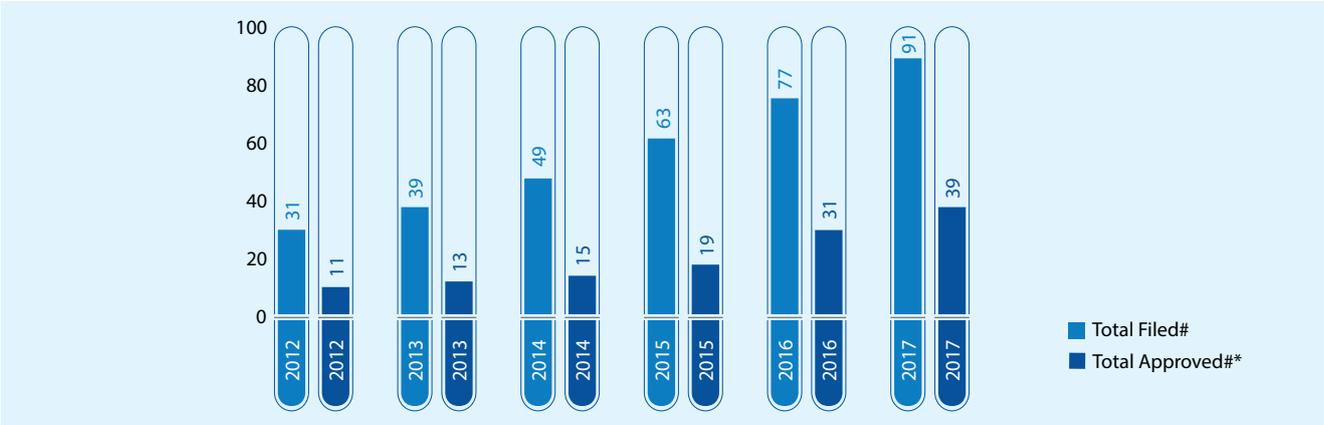
₹ 9,907 million in financial year 2016. The growth was driven by market share gains in the existing products and new product launches.

- **ANDA filings with the USFDA:** The Company filed 14 ANDAs during the year, taking the cumulative filings to 90 ANDAs and 1 NDA (as on 31st March, 2017). 37 of these are Para IV filings including First-to-File (FTF) opportunities.
- **ANDA approvals in financial year 2017:** The Company received 9 ANDA approvals (including 4 tentative approvals) during the year, taking cumulative ANDA approvals to 38 (including 7 tentative approvals) and 1 NDA (as on 31st March, 2017).
- **Successful USFDA inspections:** During the financial year 2017, the Company's formulation facilities at Daman (India) and Baddi (India), and its API facility at Ankleshwar (India) were inspected by the USFDA. Post the inspection, the Company received 13 observations for the Daman facility and 3 observations each for the Baddi and Ankleshwar facilities from the USFDA, which were subsequently satisfactorily replied to within the stipulated timelines. As a results the Company received EIR (Establishment Inspection Report) for all these three facilities, thereby successfully closing the inspection.





**Alkem's ANDA pipeline over the years**



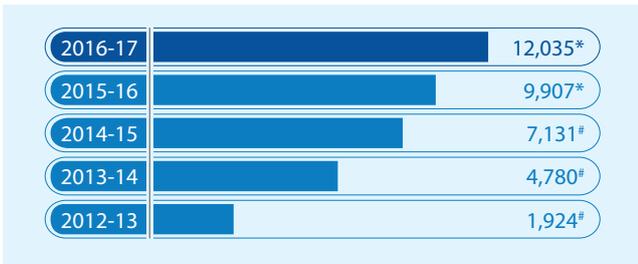
# Includes one NDA  
\* Includes tentative approvals

**USFDA inspection at Alkem's facilities**

Facility	Scope	Inspection Year	Update
California (US)	API	2015	EIR Report received*
St. Louis (US)	Formulation	2015	EIR Report received*
Mandva (India)	API	2015	EIR Report received*
Daman (India)	Formulation	2016	EIR Report received*
Ankleshwar (India)	API	2016	EIR Report received*
Baddi (India)	Formulation	2017	EIR Report received*

\*Note: EIR – Establishment Investigation Report

**US revenues for the last 5 years (₹ mn)**



# Restated numbers  
\* Numbers in accordance to IND AS

**Outlook for US Business**

Irrespective of a challenging environment prevailing in the US, Alkem continues to advance its business in the country. Customer consolidation leading to pricing deflation, increased competition, and evolving regulatory environment continue to throw both opportunities and challenges for the Company in the US market. Aided by a healthy pipeline of 91 ANDA filings, own front end and supply chain in the US and cGMP compliant manufacturing facilities, the Company looks to capitalise in the world's largest pharmaceutical market. Further, continued investments in R&D and accelerated ANDA filings along with timely new product launches would be the key growth drivers for the Company in the US. The Company continues to explore in-licensing opportunities and strategic alliances/ partnerships to enhance its capabilities and product portfolio in the US pharmaceutical market.

## Other International Markets Business

### Key Financial Highlights

₹ **3,624** mn

Revenues from Other International Markets

**6.2%**

Revenue Contribution

**3.9%**

y-o-y growth in Other International Markets

**Australia, Chile,  
Kazakhstan and Philippines**

Key Markets

### Other International Markets revenues for the last 5 years (₹ mn)

2016-17	3,624*
2015-16	3,487*
2014-15	2,439 <sup>#</sup>
2013-14	2,872 <sup>#</sup>
2012-13	2,553 <sup>#</sup>

# Restated numbers

\* Numbers in accordance to IND AS

Alkem has wide presence in more than 50 international markets with its key markets being Australia, Philippines, Chile and Kazakhstan. Its products are sold either directly through its own subsidiaries or indirectly through active engagement with other companies. During the financial year 2017, the Company's total consolidated operating revenues from Other International Markets business grew by 3.9% to ₹ 3,624 million compared to ₹ 3,487 million in financial year 2016. The growth was led by healthy growth in the key markets of Australia, Chile and Philippines which was partially offset by the Company's decision to defocus from some of the other international markets. Growth was driven by contributions from new product launches (including in-licensed products) and improving market share in existing products like Osteomol (Company's Paracetamol 665mg brand) in Australia. The Company's subsidiary in Chile continued its strong growth with focus on Institutional and Retail business, as the Company entered into new contracts with the Chains. The Company has filed more than 1,400 dossiers across international markets with more than 800 approvals.

### Outlook for Other International Markets Business

While market and environment for International Business continues to be challenging and volatile given the changing macroeconomic scenarios, changing regulatory requirements and volatile currency exchange rates, the Company believes it has lot of long-term growth opportunities through market share increases in its existing products, acquisition of new customers and new product introductions. The Company is focusing on key select markets rather than spreading itself thin over too many markets. The Company looks to grow its operations by creating strong local presence and offering differentiated products. Expansion through strategic acquisitions and partnership agreements for product out-licensing and in-licensing would also be an enabler for growth for the Company in these markets.



Alkem's Chile team

## Research and Development (R&D)

R&D acts as the backbone of the Company and is a primary factor in its progress and growth. For the financial year 2017, the Company's R&D expenses were ₹ 3.2 billion or 5.5% of revenues compared to 4.3% in the year financial year 2016. The Company has continuously invested in its R&D to enhance its product portfolio for both, the domestic and the international markets.

Alkem has four R&D facilities in India (2 units) and the US (2 units) with more than 500 qualified and dedicated scientists. It has a state-of-the-art clinical research facility with 100+ beds, which facilitates conduction of bioequivalence and bioavailability studies for the Company. All Alkem's R&D facilities are duly compliant to regulations of their respective countries. A robust R&D process has helped the Company to introduce many first-to-market products and differentiated formulations / dosage forms for India, the US and other international markets.

Alkem has also made investments to participate in the global biosimilar markets through its subsidiary Enzene Biosciences - a biotech focused R&D company located in Pune. Led by a team of scientists with decade-rich experience in biotechnology field, Enzene has established several technology platforms in the areas of molecular biology, protein expression, fermentation technology (microbial, insect and mammalian cells), bio-analytics, immunology and peptide synthesis. The Company has biosimilar products in preclinical and clinical development stages which it aims to monetise over the medium to long-term in India and key international markets.

Additionally, the Company also has a regulatory affairs team, which is responsible for product filings and approvals in India and key international markets. Company's Intellectual Property (IP) group looks after its patent filing, patent prosecution,

design filing, infringement analysis and patent litigations for the global markets.

## Product filings in key international markets

	Filed*	Approved*
US (ANDA)	90	38
US (NDA)	1	1
Australia	29	22
Philippines (Dossiers for each strength)	56	41
Chile (Dossiers for each strength)	170	156
Kazakhstan (Dossiers for each strength)	58	52

\* As on 31st March, 2017

## Quality Assurance

The Company has designed various quality check functions to monitor, process and assure the quality, safety and effectiveness of its products. It ensures that all manufacturing units are in accordance to the cGMP standards. It performs periodic reviews across its manufacturing facilities through internal audits at regular intervals. Additionally, the Company ensures that all its practices are in accordance with approved standard operating procedures.

The Company recruits qualified staff at all levels and have regular on-the-job, Good Manufacturing Practice and safety training. Internal and external trainers are employed for mentoring the staff skills. All the manufacturing facilities of the Company are inspected and audited as per cGMP guidelines as laid down by leading regulatory authorities including the US FDA, World Health Organization (WHO), MHRA (UK), TGA (Australia), ANVISA (Brazil) and MCC (South Africa). The quality function team closely monitors the production stages, while equipment and instrument are checked and calibrated at periodic intervals. Products are released for distribution when they meet all quality specifications. All its products undergo extensive stability testing programmes to understand the product behaviour during shelf life. The Company also monitors in-market product quality through annual product quality review mechanism.

## Human Resource

At Alkem, the core focus is 'to invest in people' to make them future ready. The Company believes that its people play a significant role in contributing to the success and the growth of the business. The Company attempts to provide the most conducive environment for its employees along with training and career-development in order that it's people are able to learn and apply best-in-class business concepts and practices in their work. Alkem consistently strives to attract and retain the best industry talent through a rewarding work culture.

The Company has a team of over 13,000 professionals from different countries working at its various divisions / locations. The Company encourages diversity among its people, and inspires creativity, innovation and progress among employees. A lot of emphasis is made towards employee engagement and development.



Enzene Biosciences Ltd., Pune

## Risk Management

Alkem's risk management framework encompasses practices relating to the identification, assessment, monitoring and mitigation of operational and external environment risks that may impact its key business objectives.

Nature of Risk	Risk Explanation	Risk Mitigation
<b>Regulatory Risk</b>	The Company operates in a highly-regulated industry and any failure to comply with applicable regulations may adversely affect its operations and business growth	The Company has maintained a consistent track record of its facilities being cGMP compliant in accordance to guidelines laid down by leading regulators across the world. The Company's manufacturing facilities are inspected and audited as per cGMP guidelines laid down by US FDA, World Health Organization (WHO), MHRA (UK), TGA (Australia), ANVISA (Brazil), MCC (South Africa) and other leading regulators.
<b>Research &amp; Development Risk</b>	The lack of consistent innovation in products may severely hamper growth prospects	The Company's R&D facility carries out process development, formulation development and analytical research, which helps the Company in expanding its product portfolio. There are four R&D facilities located in the US and India with over 500 scientists. The Company has a strong pipeline of products under development for its focus markets.
<b>Quality Risk</b>	Any quality control problems or manufacturing defect may damage the Company's reputation and could expose them to litigation	The Company's manufacturing facilities are built in accordance with the cGMP guidelines laid down by leading regulators across the world. Each of the facilities have separate quality control units to monitor the quality of its products. The quality function team closely monitors the production stages, while equipment and instrument are checked and calibrated at periodic intervals. Products are only released for distribution when they meet all quality specifications.
<b>Competition Risk</b>	The introduction of new molecules by competitors may impair the Company's competitive advantage and lead to erosion of revenues	The Company has strong R&D facilities with advanced technology that helps it to launch several first-in the market or differentiated products which may have relatively lower competition. Also, the Company's Business Development teams continuously analyses the market to identify progressive molecules which could be launched by the Company.
<b>Information Technology</b>	Inadequate employee awareness and appreciation of Information Security may lead to breach of data integrity and confidentiality	The Company has deployed Microsoft Active Directory to enforce information security policy. Company conducts frequent VAPT, IT audits and invests in tools to prevent data leakages.
<b>Human Resources</b>	Failure to attract and retain right set of talent, may adversely affect growth of the organisation	The Company has tied-up with various institutions for offering courses specific to pharma industry. The Company regularly invests in training of its employees to upgrade their skill sets. The Company also has performance based incentive schemes for its employees.
<b>Pricing</b>	Adverse pricing regulation by National Pharmaceutical Pricing Authority (NPPA) may lead to lower margins	The Company continuously looks at ways to improve its operating efficiencies in order to mitigate margin pressure due to regulatory price cuts. Also increased focus is on better product mix and higher volumes growth.
<b>Manufacturing</b>	Counterfeit drugs may adversely affect revenue and reputation	The Company regularly receives feedbacks from its market representatives and also appoints agencies to investigate counterfeit products. Anti-counterfeiting measures like tamper proof packaging and holographic packaging are adopted for key brands.

### Internal Control & System

The Company has a well-established internal control framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of financial and operational controls. The integrity and reliability of the internal control systems are achieved through clear policies and procedures. To create enduring value for all stakeholders and ensure the highest level of honesty, integrity and ethical behaviour in all its operations, Alkem Laboratories has implemented a "Whistle Blower Policy" in addition to the existing code of conducts that governs the action of its employees.

Internal audit at Alkem is an independent and assurance function, responsible for evaluating and improving the effectiveness of control and process. The internal audit department prepares annual audit plan based on risk assessment and conducts extensive reviews covering financial, operational and compliance controls. Areas requiring specialised knowledge are reviewed in partnership with external experts. The Audit Committee of the Board monitors the performance of internal audit department on a periodic basis through reviews of audit plans, audit findings and implementation status.

### Cautionary Statements

The 'Management Discussion and Analysis' contains statements describing the Company's objectives, projections, estimates, expectations, plans or predictions or industry conditions or events which are 'forward-looking statement' within the meaning of applicable securities laws and regulations. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied due to important factors that could make a difference to the Company's operations including but not limited to general economic and business conditions in India and other key global markets in which the Company operates, the ability to successfully implement its strategy, research and development, growth and expansion plans and technological changes, changes in laws and regulations that apply to the Company and increasing competition in and the conditions of its customers, suppliers and the pharmaceutical industry. The Company assumes no responsibility to publicly update, amend, modify or revise any forward-looking statements, on the basis of any subsequent development, new information or future events or otherwise except as required by applicable law.



# DIRECTORS' REPORT TO THE MEMBERS

Dear Members,  
**Alkem Laboratories Limited**

Your Directors are pleased to present their 43<sup>rd</sup> Annual Report on the business and operations together with the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2017. Consolidated performance of the Company and its subsidiaries has been referred to wherever required.

## FINANCIAL PERFORMANCE

(₹ in Million)

Particulars	Standalone		Consolidated	
	Year ended 31 <sup>st</sup> March, 2017	Year ended 31 <sup>st</sup> March, 2016	Year ended 31 <sup>st</sup> March, 2017	Year ended 31 <sup>st</sup> March, 2016
Income from Operations	46,684.5	39,510.4	58,525.0	50,479.3
Other Income	1,166.0	2,512.8	1,120.1	2,397.1
Total Revenue	47,850.5	42,023.2	59,645.1	52,876.4
Profit before Interest, Depreciation and Tax	9,945.9	9,710.5	11,109.6	10,929.6
Less: Interest	236.8	586.7	451.6	712.4
Less: Depreciation	764.8	735.3	1,011.7	933.1
Profit before tax	8,944.3	8,388.5	9,646.3	9,284.1
Less: Provision for Taxation (net)	112.7	1,386.6	599.6	1,761.8
Profit after tax and before Non-controlling Interest	8,831.6	7,001.9	9,046.7	7,522.3
Less: Non-controlling Interest	-	-	126.4	106.4
Profit for the year	8,831.6	7,001.9	8,920.3	7,415.9
Other comprehensive income	(36.7)	0.5	(231.6)	147.8
Other Comprehensive income attributable to Non-Controlling Interest	-	-	2.4	(1.6)
Total comprehensive income attributable to owners of the Company	8,794.9	7,002.4	8,691.1	7,562.1
Balance of other equity attributable to owners of the Company / Parent - opening balance	35,755.9	30,581.0	36,680.5	30,947.6
Less: Interim Dividend	717.4	1,518.5	717.4	1,518.4
Less: Dividend Distribution Tax	146.0	309.1	146.0	311.0
Employee Compensation Expenses	-	-	3.7	0.2
Less: Decrease in equity on Acquisition of additional stake in subsidiary	-	-	76.6	-
Capital Receipts	-	-	2.0	-
Balance of other equity attributable to owners of the Company / Parent - closing balance	43,687.4	35,755.9	44,437.3	36,680.5

### ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND AS)

Beginning 1<sup>st</sup> April, 2016, the Company has, for the first time, adopted Indian Accounting Standard (Ind AS) with a transition date of 1<sup>st</sup> April, 2015. Accordingly, the financial statements have been prepared in compliance with Ind AS as notified by the Ministry of Corporate Affairs and prescribed under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with relevant rules made thereunder and other accounting pronouncements generally accepted in India. Accordingly, the figures for the corresponding year ended 31<sup>st</sup> March, 2016 have also been presented after incorporating the applicable Ind AS adjustments.

### OVERVIEW OF FINANCIAL PERFORMANCE

During the financial year ended 31<sup>st</sup> March, 2017, the Company's total revenue including other income was ₹ 47,850.5 million on standalone basis as against ₹ 42,023.2 million achieved in the previous year, registering a growth of 13.87%.

The export turnover of the Company during the financial year 2016-17 was ₹ 7,242.0 million as against ₹ 6,472.3 million achieved in the previous year registering a growth of 11.89%.

During the financial year ended 31<sup>st</sup> March, 2017, the Company achieved total revenue including other income of ₹ 59,645.1 million on consolidated basis, as against a turnover of ₹ 52,876.4 million achieved in the previous year, registering a growth of 12.80%.

During the financial year ended 31<sup>st</sup> March, 2017, Standalone Profit before interest, depreciation and tax increased by 2.42% at ₹ 9,945.9 as against ₹ 9,710.5 million in the previous year, whereas Consolidated Profit before interest, depreciation and tax increased by 1.65% at ₹ 11,109.6 million as against ₹ 10,929.6 million in the previous year.

During the financial year 2015-16, the Company had higher Other Income on account of Ind AS adjustment of real estate investments and consideration received from sale of some brands and trademarks.

Standalone Profit before tax was ₹ 8,944.3 million, higher by 6.63% over the previous year and Consolidated Profit before tax was ₹ 9,646.3 million, higher by 3.9 % over the previous year.

After providing for taxes, standalone net profit was ₹ 8,831.6 million higher by 26.13 % over the previous year while the consolidated net profit after tax was ₹ 8,920.3 million higher by 20.29% over the previous year.

## DIVIDEND

During the financial year 2016-17, your Company declared and paid an interim dividend at ₹ 6/- (Rupees Six only) per Equity Share of ₹ 2/- (Rupees Two only) each, being 300% of paid up share capital on 11<sup>th</sup> November, 2016. In addition, your Directors are pleased to recommend payment of ₹ 9/- (Rupees Nine only) per equity share of the face value of ₹ 2/- (Rupees Two only) each as final dividend for the financial year 2016-17, for the approval of the shareholders at the ensuing Annual General Meeting (AGM). If approved, the total dividend (interim and final dividend) for the financial year 2016-17 will be ₹ 15/- (Rupees Fifteen only) per equity share of the face value of ₹ 2/- (Rupees Two only) each as against the total dividend of ₹ 12.7/- (Rupees Twelve and Paise Seven only) per equity share of the face value of ₹ 2/- (Rupees Two only) each paid for the previous financial year.

As per the provisions of Regulation 43A of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI LODR Regulations"), top 500 listed companies based on the market capitalization are required to formulate Dividend Distribution Policy. In compliance with the said requirement, the Company has formulated its Dividend Distribution Policy, which is available on the Company's website at [http://www.alkemlabs.com/admin/Photos/Policies/977928327Dividend\\_distribution\\_policy.pdf](http://www.alkemlabs.com/admin/Photos/Policies/977928327Dividend_distribution_policy.pdf). The said Policy is also annexed to this Report as Annexure A.

## TRANSFER TO RESERVES

The Company has not transferred any amount to the General Reserve for the financial year 2016-17.

## SHARE CAPITAL

The paid up Equity Share Capital of the Company as on 31<sup>st</sup> March, 2017 was ₹ 239.1 million. The Company has neither issued shares with differential rights as to dividend, voting or otherwise nor issued shares to the employees or Directors of the Company, under any Scheme (including sweat equity shares).

## DEPOSITS

The Company has not accepted any deposits from the public/members under Section 73 of the Act, read with Companies (Acceptance of Deposits) Rules, 2014 during the year. There are no deposits which are outstanding as on 31<sup>st</sup> March, 2017. The Company has no deposits which are not in compliance with the requirements of Chapter V of the Act .

## SUBSIDIARIES

As on 31<sup>st</sup> March, 2017, the Company had 18 subsidiaries. The Company does not have any joint venture / associate company (ies) within the meaning of Section 2(6) of the Act.

None of the companies have become or ceased to be subsidiary, associates and joint ventures of the Company, during the year under review.

Pursuant to the first proviso to Section 129(3) of the Act and Rule 5 and Rule 8(1) of the Companies (Accounts) Rules, 2014, the salient features of financial statements, performance and financial position of each subsidiary is given in Form AOC-1 as Annexure B to this Report.

The Audited Financial Statements of the subsidiaries are available on the Company's website at [www.alkemlabs.com](http://www.alkemlabs.com) and are available for inspection by the Members at the Registered Office of the Company during business hours on all working days as required under Section 136 of the Act. Any Member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at the Registered Office of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on the Management Discussion and Analysis is provided as a separate section forming part of this Report.

## CORPORATE GOVERNANCE

A detailed report on the Corporate Governance systems and practices of the Company is provided as a separate section along with a certificate from the Statutory Auditors conforming the Company's compliance with the conditions of Corporate Governance, forming part of this Report.

## **BUSINESS RESPONSIBILITY REPORT**

As stipulated under the SEBI LODR Regulations, the Business Responsibility Report, describing the initiatives taken by the Company from an environmental, social and governance perspective, is provided as a separate section forming part of this Report.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Company continues with its belief in operating and growing its business in a socially responsible way. The Company's CSR framework drives its strategies and actions towards wider social concerns with focus on holistic development of its host community and immediate social and environmental surroundings qualitatively. During the financial year under review, the Company continued its efforts towards communities near its manufacturing facilities through its CSR initiatives in areas like education, vocational training for skill building and health & hygiene, thereby contributing towards the social and economic development of the communities in areas in which it operates.

Details about the Company's CSR Policy and initiatives undertaken by the Company during financial year 2016-17 are outlined in the Report on CSR Activities annexed to this Report as Annexure C.

## **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

### **Appointments**

As per the provisions of Section 161 read with Section 149 of the Act and the Articles of Association of the Company, Dr. Dheeraj Sharma (DIN 07683375) was appointed as an Additional Director designated as Independent Director of the Company w.e.f. 26<sup>th</sup> May, 2017. Dr. Dheeraj Sharma shall hold office upto the date of the ensuing AGM. The Company has received notice in writing with requisite deposit from a member proposing the candidature of Dr. Dheeraj Sharma as an Independent Director of the Company.

Appropriate resolution for his appointment is included in the Notice of AGM for seeking approval of Members. The Directors recommend his appointment for your approval.

A brief resume and particulars relating to him are given in the Notice of AGM.

### **Resignations/Retirements**

Mr. Mangaldas Chhaganlal Shah (DIN 01353574) resigned from the Board with effect from 17<sup>th</sup> May, 2017. The Board places on record its appreciation for his valuable contribution during his tenure as a Director of the Company.

### **Directors liable to Retirement by Rotation**

Mr. Balmiki Prasad Singh (DIN 00739856) is liable to retire by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of the Company and being eligible he has offered himself for re-appointment. Appropriate resolution

for his re-appointment is included in the Notice of AGM for seeking approval of Members. The Directors recommend his re-appointment for your approval.

A brief resume and particulars relating to him are given in the Notice of AGM.

### **Key Managerial Personnel**

Mr. Prabhat Agrawal, Chief Executive Officer, Mr. Rajesh Dubey, President and Chief Financial Officer and Mr. Manish Narang, President - Legal, Company Secretary and Compliance Officer are the Key Managerial Personnel of the Company in accordance with the provisions of Sections 2(51) and 203 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

There has been no change in the Key Managerial Personnel during the financial year 2016-17.

### **Independent Directors**

The Independent Directors hold office for a fixed term of 5 (Five) years and are not liable to retire by rotation.

In accordance with the Section 149(7) of the Act, each Independent Director has given a written declaration to the Company confirming that he/she meets the criteria of Independence as mentioned under Section 149(6) of the Act and SEBI LODR Regulations.

The terms and conditions of the appointment of the Independent Directors are posted on Company's website.

### **Familiarization Program**

In compliance with the requirements of SEBI LODR Regulations, the Company has put in place a framework for Directors' Familiarization Programme to familiarize them with their roles, rights and responsibilities as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. The details of the familiarization programmes conducted / sponsored during the year are explained in the Corporate Governance Report. The same are also available on the Company website at <http://www.alkemlabs.com/corporate-governance>.

### **Annual Evaluation of Board's Performance**

Pursuant to the provisions of the Act and the SEBI LODR Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. The criteria applied in the evaluation process is explained in the Corporate Governance Report.

The Independent Directors, at a separate meeting held on 29<sup>th</sup> March, 2017, evaluated performance of non-independent directors, performance of the Board as a whole and performance of the Chairpersons of the Company.

### Remuneration Policy

The Company follows a policy for selection and appointment of Directors, Senior Management and their remuneration, which is available on the Company's website at [http://www.alkemlabs.com/admin/Photos/Policies/516234455Nomination\\_and\\_Remuneration\\_Policy.pdf](http://www.alkemlabs.com/admin/Photos/Policies/516234455Nomination_and_Remuneration_Policy.pdf). The said policy is annexed to this Report as Annexure D.

### PARTICULARS OF EMPLOYEES

The disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report as Annexure E.

Further a statement showing the names and other particulars of top ten employees in terms of remuneration drawn and of employees drawing remuneration in excess of the limits specified in Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. However, in terms of first proviso to Section 136(1) of the Act, the Annual Report and annual financial statements are being sent to the Members and others entitled thereto, excluding the aforesaid information. The said information is available for inspection for the Members at the Registered Office of the Company during the business hours on working days and also shall be provided to any Member on a written request to the Company Secretary.

### NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met 6 (Six) times during the financial year 2016-17. The details of the Board meetings and the attendance of Directors thereat are provided in the Corporate Governance Report, forming part of this Report.

In terms of requirements of Schedule IV of the Act, a separate meeting of Independent Directors was also held on 29<sup>th</sup> March, 2017 to review the performance of Non-Independent Directors (including the Chairpersons), the entire Board and quality, quantity and timelines of the flow of information between the Management and the Board.

### COMMITTEES OF THE BOARD

#### Audit Committee

The Audit Committee comprises of Mr. Ranjal Laxmana Shenoy, Chairman and Mr. Mritunjay Kumar Singh, Ms. Sudha Ravi and Ms. Sangeeta Singh as Members. The terms of reference of the Audit Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report.

#### Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr. Arun Kumar Purwar, Chairman and Mr. Basudeo N. Singh, Mr. Akhouri Maheshwar Prasad and Ms. Sangeeta Singh as Members. The terms of reference of the Nomination and Remuneration Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report.

### Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises of Mr. Ranjal Laxmana Shenoy, Chairman and Mr. Dhananjay Kumar Singh, Mr. Sandeep Singh and Mr. Balmiki Prasad Singh as Members. The terms of reference of the Corporate Social Responsibility Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report.

### Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises of Mr. Ranjal Laxmana Shenoy, Chairman and Mr. Dhananjay Kumar Singh, Mr. Sandeep Singh and Mr. Akhouri Maheshwar Prasad as Members. The terms of reference of the Stakeholders' Relationship Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report.

### Risk Management Committee

The Risk Management Committee comprises of Mr. Dhananjay Kumar Singh, Chairman and Mr. Mritunjay Kumar Singh, Mr. Sandeep Singh, Ms. Sudha Ravi and Dr. Dheeraj Sharma as Members. The terms of reference of the Risk Management Committee are mentioned in the Corporate Governance Report forming part of the Annual Report.

### BUSINESS RISKS AND OPPORTUNITIES

The Company has framed Risk Management Policy to identify and assess the key risk areas, monitor and report compliance and effectiveness of the policy and procedure.

The Company has implemented an integrated Enterprise-wide Risk Management (ERM) function which helps the management and the Board to periodically identify, review and manage the business risks and timely and suitably address them, depending on whether the risks are internal, strategic or external. An independent risk-focused audit is carried out across all functions of the business, which actively identifies areas, where business process controls are ineffective or may need improvement.

### DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief, the Directors, pursuant to the requirement of Section 134(3) (c) of the Act, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) they have selected such accounting policies and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2017 and of the profit of the Company for the year ended on that date;
- (c) they have taken proper and sufficient care for the 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 fraud and other irregularities;

- (d) they have prepared the annual financial statements on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **AUDITORS AND AUDITORS' REPORT**

### **Statutory Auditors**

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, M/s BSR & Co. LLP (Firm Registration No: 101248W/W-100022), Chartered Accountants, the Statutory Auditors of the Company, hold office upto the conclusion of the Forty Fifth (45<sup>th</sup>) AGM. However, their appointment as Statutory Auditors of the Company is subject to ratification by the Members at every AGM. The Company has received a certificate from the said Auditors that they are eligible to hold office as the Auditors of the Company and are not disqualified from being so appointed.

A resolution for ratification of appointment of the said Auditors is included in the Notice of AGM for seeking approval of Members.

The Auditors' Report for financial year ended 31<sup>st</sup> March, 2017, does not contain any qualification, reservation or adverse remark.

### **Cost Auditor**

Pursuant to the provisions of Section 148 of the Act and the Rules made thereunder read with notifications/ circulars issued by the Ministry of Corporate Affairs from time to time and as per the recommendation of the Audit Committee, the Board of Directors at its meeting dated 12<sup>th</sup> August, 2016, appointed Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318), as the Cost Auditor of the Company for the financial year 2016-17 to conduct the audit of the cost records of the Company. The Company had also received certificate from the Cost Auditor certifying his independence and arm's length relationship with the Company. A resolution for ratification of the remuneration payable to the Cost Auditor is included in the Notice of AGM for seeking approval of Members. The Cost Audit Report will be filed within the period stipulated under the Act.

### **Secretarial Audit**

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Manish Ghia & Associates, Practising Company Secretaries, (Membership No. F6252, COP No. 3531) to conduct the Secretarial Audit of the Company for the financial year 2016-17. The

Secretarial Audit Report is annexed to this Report as Annexure F. The said Report does not contain any qualification, reservation or adverse remark.

### **EXTRACT OF ANNUAL RETURN**

As required under Section 92(3) of the Act and the Rules made thereunder, extract of the Annual Return in Form MGT-9 is annexed to this Report as Annexure G.

### **RELATED PARTY TRANSACTIONS**

All the Related Party Transactions are entered into by the Company, at arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Act and the SEBI LODR Regulations and the Company's Policy on Related Party Transactions. During the financial year 2016-17, the Company did not enter into any material related party transactions, i.e. transactions exceeding ten percent of the consolidated turnover as per the last audited financial statements. Accordingly, the disclosure of related party transactions as required under Section 134(3) (h) of the Act in Form AOC-2 is not applicable.

The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website at [http://www.alkemlabs.com/admin/Photos/Policies/84051713915915Policy\\_on\\_Related\\_Party\\_Transactions.pdf](http://www.alkemlabs.com/admin/Photos/Policies/84051713915915Policy_on_Related_Party_Transactions.pdf)

### **PARTICULARS OF LOANS / GUARANTEES AND INVESTMENTS**

The particulars of loans, guarantees and investments covered under the provisions of Section 186 of the Act have been disclosed in the Notes to the financial statements forming part of the Annual Report.

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

Pursuant to the provisions of Section 177(9) of the Act, the Board of Directors of the Company has framed the Vigil Mechanism / Whistle Blower Policy for Directors and employees of the Company. Under the said policy, provisions have been made to safeguard persons who use this mechanism from victimization. The policy also provides access to the Chairperson of the Audit Committee under certain circumstances. The Whistle Blower Policy is uploaded on the website of the Company at [http://www.alkemlabs.com/admin/Photos/Policies/8503638853592Whistle\\_Blower\\_Policy.pdf](http://www.alkemlabs.com/admin/Photos/Policies/8503638853592Whistle_Blower_Policy.pdf)

### **PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

The Company has adopted a policy in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. An Internal Complaints Committee has also been set up to redress complaints received on sexual harassment. During the financial year 2016-17, the Company had received one complaint with allegations of sexual harassment and the same was investigated and resolved.

## **DISCLOSURES UNDER THE ACT**

### **Change in Nature of Business, if any:**

During the financial year 2016-17, there was no change in the nature of business of the Company.

### **Material Changes and Commitments affecting the financial position of the Company:**

There are no material changes and commitments which have occurred between the end of the financial year and the date of the Report which have affected the financial position of the Company.

### **Significant and Material Orders:**

There are no significant and material orders passed by the regulators or courts or tribunals during the year impacting the going concern status and Company's operations in future.

### **Reporting of Frauds by Auditors:**

There were no frauds reported by Auditors under Section 143(12) of the Act.

## **DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS**

During the year, the Internal Financial Controls were reviewed and tested by an outside consulting firm and no reportable material weaknesses in design or operations were observed.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE DETAILS**

The information on conservation of energy, technology absorption and foreign earnings and outgo as stipulated under Section 134(3)(m) of the Act and the Rules made thereunder is annexed to this Report as Annexure H.

## **ACKNOWLEDGEMENT**

Your Directors are thankful to the Central and State Government Departments, Organizations and Agencies for their continued guidance and co-operation. The Directors are grateful to all valuable stakeholders of the Company viz. our customers, shareholders, dealers, vendors, banks, medical fraternity, patients and other business associates for their excellent support and help rendered during the financial year. The Directors also place on record their sincere appreciation for the significant contribution made by our employees through their dedication, hard work and unstinted commitment.

For and on behalf of the Board  
**Alkem Laboratories Limited**

**Samprada Singh**  
Chairman Emeritus  
DIN: 00760279

Date: 26<sup>th</sup> May, 2017  
Place: Mumbai

# Annexure A

## DIVIDEND DISTRIBUTION POLICY OF ALKEM LABORATORIES LIMITED

### PREAMBLE

As per Regulation 43A of SEBI (LODR) Regulations, 2015, the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites. Alkem Laboratories being one of the top five hundred listed companies as per the market capitalization, frames this policy to comply with the SEBI (LODR) Regulations, 2015.

### OBJECTIVE

The objective of the policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend.

### PHILOSOPHY

The Company is deeply committed to driving superior value creation for all its stakeholders. The Company believes that driving growth creates maximum shareholder value and thus it would first like to deploy its profits to fund its working capital requirements, capital expenditure requirements, reducing debt, allocate reserves for inorganic growth opportunities and thereafter distribute the surplus profits in the form of dividend to the shareholders.

### DEFINITIONS

- 'Company' means Alkem Laboratories Ltd.
- 'Board' or 'Board of Directors' means Board of Directors of the Company
- 'Dividend' means Dividend as defined under Companies Act, 2013
- 'Policy or this Policy' means the Dividend Distribution Policy
- 'SEBI (LODR) Regulations' means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force
- 'Subsidiary' shall mean Subsidiary of the Company as defined under the Companies Act, 2013

### PARAMETERS FOR DECLARATION OF DIVIDEND

Internal Factors / Financial Parameters - The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders

- The Board of Directors of the Company shall declare dividend depending on the consolidated net profit after tax earned by it during the financial year

- The Board of Directors of the Company would consider its working capital requirements, R&D expenditure and capital expenditure requirements for future growth before declaring the dividend
- The Board of Directors of the Company shall take into account resources required to fund acquisitions and / or new businesses and additional investment required in its subsidiaries/associates of the Company
- The dividend declaration would also depend upon the liquidity position of the Company, Outstanding borrowings and the cash flow required to meet contingencies
- The Board of Directors of the Company shall also take into account past dividend trends of the Company

### External Factors

- Dividend declared would be in compliance with prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws
- The Board of Directors of the Company would consider dividend pay-out ratios of companies in the same industry

### Circumstances under which the shareholders may or may not expect Dividend

The Company shall not recommend dividend if it is of the opinion that it is financially not prudent to do so. The shareholders of the Company may not expect Dividend under the following circumstances:

- In case the Company is undertaking significant expansion which would require higher allocation of resources
- If the Company requires significant amount of working capital to fund its future growth
- In case the Company proposes to utilise surplus cash for buy-back of securities
- In the event of inadequacy of profits or whenever the Company has incurred losses

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

### Modification of the Policy

The Board is authorised to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, the Regulations, etc.

### Disclosure

The Company shall make appropriate disclosures as required under the SEBI Regulations.

# ANNEXURE B

## 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 Million unless otherwise specified)

Sr. No.	Name of Subsidiaries	Date since when subsidiary was acquired / incorporated (became subsidiary)	Reporting period of the subsidiary (if different from the holding company's reporting period)	Exchange Rate as on the last date of reporting	Reporting Currency	Share Capital	Other Equity	Total assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	Extent of shareholding (in %)
1	Pharmacor Pty Limited	30.06.2009	N.A.	AUS	88.1	(15.7)	745.7	673.3	-	1,010.5	49.3	18.8	30.6	-	100.00%	
2	Cachet Pharmaceuticals Private Limited	27.03.2015	N.A.	INR	1.8	543.2	1,953.0	1,408.0	0.1	3,019.5	(48.0)	(6.6)	(41.4)	-	58.80%	
3	Ascend Laboratories SpA	19.07.2011	N.A.	CLP	0.097	65.9	650.3	450.6	-	609.5	44.0	11.8	32.1	-	100.00%	
4	Enzene Biosciences Limited	04.11.2011	N.A.	INR	113.1	733.6	890.0	43.3	-	-	(346.1)	-	(346.1)	-	100.00%	
5	Alkem Pharma GmbH	10.11.2008	N.A.	EURO	69.510	(3.6)	0.6	2.5	-	-	(0.5)	-	(0.5)	-	100.00%	
6	Indchemie Health Specialities Private Limited	30.03.2015	N.A.	INR	2.5	1,890.5	2,958.6	1,065.6	15.6	3,501.6	310.2	65.3	244.9	1000%	51.00%	
7	The PharmaNetwork LLP	14.08.2012	N.A.	TENGE	0.204	(18.1)	148.0	8.5	-	204.8	22.3	(8.1)	30.4	-	100.00%	
8	Alkem Laboratories Korea Inc	07.08.2012	N.A.	WON	0.058	0.1	0.1	-	-	-	-	-	-	-	100.00%	
9	Ascend Laboratories Sdh Bhd	13.12.2010	N.A.	RM	14.640	(0.0)	0.0	(0.0)	-	-	-	-	-	-	100.00%	
10	S & B Holdings B.V.	17.06.2009	N.A.	EURO	2,897.2	(705.6)	2,880.1	688.5	2,054.6	-	(18.0)	454.2	(472.2)	-	100.00%	
11	Alkem Laboratories (NIG) Limited	17.09.2007	N.A.	NAIRA	0.206	9.4	(153.0)	10.7	154.3	1.8	(72.9)	-	(72.9)	-	100.00%	
12	Pharmacor Limited	15.05.2012	N.A.	KES	0.617	(0.0)	0.0	-	-	-	(0.0)	-	(0.0)	-	100.00%	
13	Alkem Laboratories Corporation	07.11.2008	N.A.	PESO	1,289	(279.4)	81.1	220.8	-	84.7	(133.7)	29.1	(162.8)	-	100.00%	
14	S & B Pharma Inc.	25.01.2012	N.A.	USD	64,747	0.0	1,363.6	3,584.1	2,220.5	-	1,450.6	(409.6)	(409.6)	-	100.00%	
15	Alkem Laboratories (Pty) Limited	26.05.2008	N.A.	RAND	4,983	68.8	4.7	90.6	17.1	-	107.3	13.0	0.8	12.1	-	100.00%
16	ThePharmaNetwork LLC	15.07.2010	N.A.	USD	64,747	(1,657.7)	1,570.7	2,649.5	703.1	75.2	(513.3)	-	(513.3)	-	100.00%	
17	Ascend Laboratories LLC	15.07.2010	N.A.	USD	64,747	703.1	4,603.9	5,828.4	521.4	-	10,404.7	1,763.1	1,763.1	-	100.00%	
18	Ascend Laboratories (UK) Limited	06.08.2014	N.A.	GBP	80,632	9.9	3.5	55.5	42.1	-	56.6	2.7	(0.2)	2.9	-	100.00%

#### For and on behalf of the Board of Directors of Alkem Laboratories Limited

CIN: L00305MH1973PLC174201

**Samprada Singh**  
Chairman Emeritus  
DIN 00760279

**M.K. Singh**  
Director  
DIN 00881412

**Manish Narang**  
President - Legal, Company Secretary & Compliance Officer

**B.N. Singh**  
Executive Chairman  
DIN 00760310

**Prabhat Agrawal**  
Chief Executive Officer

**P.V.Damodaran**  
Sr. VP - Business Finance

**B.P. Singh**  
Director  
DIN 00739856

**Rajesh Dubey**  
Chief Financial Officer

Mumbai  
Date : 26<sup>th</sup> May, 2017

# Annexure C

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013]

1. Brief outline of the Company's CSR Policy:

Your Company is a deeply committed corporate citizen with its strategies, policies and actions aligned with wider social concerns, through initiatives in areas like education, health and other socially relevant areas. Your Company believes in making a holistic impact on the communities in which it operates.

With an endeavor to achieve the above and to be a socially responsible corporate citizen, your Company has developed a CSR policy wherein it has identified some areas which are in line with its overall social objectives.

The CSR Policy of your Company outlines the framework guiding your Company's CSR activities. It sets out the CSR Vision Statement, CSR Program Areas & Objectives, Implementation Process, CSR Governance Structure and Monitoring Mechanism.

The CSR Policy has been put up on your Company's Website and can be accessed through the following link [http://www.alkemlabs.com/admin/Photos/Policies/159742287138254CSR\\_Policy.pdf](http://www.alkemlabs.com/admin/Photos/Policies/159742287138254CSR_Policy.pdf)

2. Composition of CSR Committee:

Name of Director	Designation
Mr. Ranjal Laxmana Shenoy	Chairman
Mr. Dhananjay Kumar Singh	Member
Mr. Balmiki Prasad Singh	Member
Mr. Sandeep Singh	Member

3. Average net profit of the company for last three financial years: ₹ 5,321.4 million

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 106.4 million

5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year: ₹ 106.4 million

(b) Amount unspent, if any: ₹ 44.6 million

(c) Manner in which the amount spent during the financial year is detailed below.

₹ in Million

Sr. No.	CSR Project or Activity Identified	Sector in which 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 Sub-heads:		Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
					Direct expenditure on projects or programmes	Overheads		
1	Organising Health Check-up Camps and Doctors Visit	Promoting Healthcare	1) Solan, Himachal Pradesh 2) Somnath, Daman 3) Bharuch, Gujarat	1.7	1.7	-	1.7	Direct
2	Supply of Drinking Water (Water Vending Machine)	Promoting healthcare and Safe Drinking Water	1) Baddi, Himachal Pradesh 2) Daman 3) Bharuch, Gujarat 4) Sikkim 5) Raigad, Maharashtra	3.5	3.4	-	3.4	Direct
3	Upgrading toilets and bathrooms to promote sanitation.	Promoting Healthcare	1) Daman 2) Rangpo, Sikkim 3) Raigad, Maharashtra 4) Jehanabad, Bihar	6.5	5.4	-	5.4	Direct
4	Donation of Ambulance	Promoting Healthcare	Daman	1.0	0.9	-	0.9	Direct
5	Supply of Drinking Water (Installation of RO Water purifiers)	Promoting Healthcare	Naugama, Dist-Bharuch, Gujarat.	0.1	0.1	-	0.1	Direct

Sr. No.	CSR Project or Activity Identified	Sector in which 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 Sub-heads:		Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
					Direct expenditure on projects or programmes	Overheads		
6	Renovation/ Maintainence of Hospital/Dispensary to provide better healthcare facilities	Promoting Healthcare	Sikkim	3.5	3.2	-	3.2	Direct
7	Garbage Vehicle donated to promote Swach Bharat.	Promoting Healthcare	Kumrek, Sikkim	0.1	0.1	-	0.1	Direct
8	Distribution of 380 health kits at Aanganwadi	Promoting Healthcare	Jehanbad, Bihar	0.9	0.8	-	0.8	Direct
9	Support to differently abled children with hearing disability	Promoting Healthcare	Mumbai, Maharastra	5.2	5.2	-	5.2	Implementing agency: I Hear Foundation
10	General Health Camp	Promoting Healthcare	Kolkata, West Bengal	0.1	0.1	-	0.1	Implementing Agency: Nishshabd Angeekar Welfare Association
11	Conducting camps for patients with neurological diseases	Promoting Healthcare	Ranchi, Jharkand	0.5	0.5	-	0.5	Implementing agency: Ranchi Neurological trust
12	Conducting Breast cancer Camps for 3000 women and free cancer awareness programs	Promoting Healthcare	Mumbai, Maharastra	1.3	0.9	-	0.9	Implementing agency: NK Dhabhar Cancer Foundation
13	Provide rehabilitation, speech thereapy and medication to in born deaf and dumb children.	Promoting Healthcare	Vidharbha, Maharastra	0.8	0.3	-	0.3	Implementing agency: Fulora Foundation
14	Assistance to person recovering and suffering from Psychiatric and mentally Differently-abled Persons	Promoting Healthcare	Mumbai, Maharastra	0.6	0.3	-	0.3	Implementing agency: Humanity Health Organisation
15	Early Detection of Cancer and seminar	Promoting Healthcare	Daman	0.9	0.7	-	0.7	Implementing agency: Krishna Cancer Aid Association
16	Early Detection of Cancer and seminar	Promoting Healthcare	Uttar Pradesh	0.3	0.3	-	0.3	Implementing agency: Apex Welcare Trust
17	Free treatment to underprivileged people suffering from neurological disorders	Promoting Healthcare	Ahmedabad, Gujarat	0.6	0.3	-	0.3	Implementing agency: Dr. V.J. Shah Trust
18	Free checkup and raising awareness on Dementia	Promoting Healthcare	Hyderabad, Telangana	0.6	0.3	-	0.3	Implementing agency: Alzheimer's and Related Disorders Society of India
19	Free checkup and raising awareness on Epilepsy	Promoting Healthcare	Mumbai, Maharastra	0.5	0.5	-	0.5	Implementing agency: Samman Association

Sr. No.	CSR Project or Activity Identified	Sector in which 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 Sub-heads:		Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
					Direct expenditure on projects or programmes	Overheads		
20	Medicine Distribution at Mega Health Camp	Promoting Healthcare	Wayanad, Kerela	0.1	0.1	-	0.1	Implementing agency: Swami Vivekanand Medical Mission
21	Construction of hospital for underprivileged people.	Promoting Healthcare	Bangalore, Karnataka	5.0	5.0	-	5.0	Implementing agency: Vivekananda Yoga Anusandhana Samsthana (VYASA)
22	Spine Surgery for deserving patients	Promoting Healthcare	Mumbai, Maharashtra	1.0	1.0	-	1.0	Implementing agency: Spine Foundation
23	Providing 220 beds for pediatric teaching hospital	Promoting Healthcare	Kolkata, West Bengal	5.0	5.0	-	5.0	Implementing agency: Institute of Child and Health
24	Cancer treatment to underprivileged people	Promoting Healthcare	Adyar, Chennai, Tamil Nadu	1.5	1.5	-	1.5	Implementing agency: Cancer Institute(WIA) Adyar
25	Support to underprivileged people diagnosed with HIV/AIDS	Promoting Healthcare	Meerut, Uttar Pradesh	0.1	0.1	-	0.1	Implementing agency: Satyakam Manav Seva Samiti
26	Renovation of Genral OPD of Hospital	Promoting Healthcare	Mumbai, Maharashtra	5.0	5.0	-	5.0	Implementing agency: Tata Memorial Centre
27	Providing aid to Patients with complex Neuro Surgery	Promoting Healthcare	Mumbai, Maharashtra	0.3	0.2	-	0.2	Implementing agency: Pediatric Neurosurgery Trust
28	Setting up a centre for preventive healthcare, skill development training and research for underprivileged people	Promoting Healthcare	New Delhi	0.3	0.2	-	0.2	Implementing agency: Santigiri Ashram
29	Providing free medical services to underprivileged people suffering with psychiatric illness	Promoting Healthcare	Varanasi, Uttar Pradesh	2.0	2.0	-	2.0	Implementing agency: Deva Foundation
30	Providing ENT Surgery to deserving patients	Promoting Healthcare	Mumbai, Maharashtra	0.1	0.1	-	0.1	Implementing agency: Health Charity Perspiration ENT Charitable Trust
31	Development of Hospital for Liver patients	Promoting Healthcare	Kolkata, West Bengal	3.0	3.0	-	3.0	Implementing agency: Liver Foundation
32	Renovation of schools to develop better education facilities including improved sanitation facilities.	Education	1) Raigad, Maharashtra 2) Sikkim 3) Solan, Himachal Pradesh	6.0	4.5	-	4.5	Direct
33	Construction of new classrooms for Bhakti Vendata	Education	Kharghar, Navi Mumbai, Maharashtra	1.0	1.0	-	1.0	Implementing agency: ISKCON
34	New construction at schools to help them expand education.	Education	1) Baddi, Solan, Himachal Pradesh. 2) Gangtok, Sikkim	2.3	2.2	-	2.2	Direct

Sr. No.	CSR Project or Activity Identified	Sector in which 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 Sub-heads:		Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
					Direct expenditure on projects or programmes	Overheads		
35	Vocational training for the wards of farmers.	Vocational Training	Wardha, Vidharbha, Maharashtra	1.1	1.1	-	1.1	Implementing agency: Fulora Foundation
36	Silai Siksha Kendra to promote women welfare.	Vocational Training	Narangpur, Baddi, Solan, Himachal Pradesh	0.3	0.3	-	0.3	Direct
37	Supply of Sewing Machine to promote women welfare.	Vocational Training	Bharuch, Gujarat.	0.1	0.1	-	0.1	Direct
38	Solar Street light	Environment	Bharuch, Gujarat.	0.4	0.4	-	0.4	Direct
39	Tree Plantation	Environment	Kharchi, Bharuch, Gujarat.	0.1	0.1	-	0.1	Direct
40	Garden Development	Environment	Taloja MIDC, Raigad, Maharashtra	0.4	0.4	-	0.4	Direct
41	Construction of sports club and badminton court.	Sports	Namchi, South Sikkim, Sikkim	1.8	1.8	-	1.8	Direct
42	Renovation of Outdoor Stadium at Jehanabad	Sports	Jehanbad, Bihar	1.5	1.4	0.1	1.5	Direct
43	Sponsorship to Bihar Handball Association	Sports	Patna, Bihar	0.2	0.2	-	0.2	Direct
<b>TOTAL</b>				<b>67.3</b>	<b>61.7</b>	<b>0.1</b>	<b>61.8</b>	

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

During the financial year 2016-17, the Company had engaged in identifying the projects after carefully examining the long term impact on the under privileged sections of the Society. While the short term initiatives have progressed well, the long term projects for meeting the long term health needs of the Society could not take

shape on account of our inability in finding the required infrastructure. While we have enhanced the CSR spend substantially during this year mainly on short term projects, efforts will be accelerated to implement the long term projects thereby increasing the CSR spend substantially in the coming years.

7. The CSR Committee hereby confirms that the implementation of CSR activities is in compliance with the CSR Objectivities and CSR Policy of your Company.

Date: 26<sup>th</sup> May, 2017  
Place: Mumbai

**Samprada Singh**  
Chairman Emeritus

**Ranjal Laxmana Shenoy**  
Chairman, CSR Committee

# Annexure D

## POLICY FOR NOMINATION & REMUNERATION COMMITTEE OF ALKEM LABORATORIES LIMITED

**Alkem Laboratories Limited** ("Company") has constituted a Nomination and Remuneration Committee ("Committee") in its Board meeting held on 30<sup>th</sup> January, 2015 as per the terms and conditions provided in Section 178 of the Companies Act, 2013 and other applicable provisions. As per the provisions, the Company is required to frame a policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company.

### 1. OBJECTIVE OF THE POLICY

The policy is framed with the objective(s):

1. That based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies in the Industry, the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors and talented managerial personnel of the quality required to run the Company successfully and to ensure long term sustainability and create competitive advantage.
2. That the remuneration to Directors, Key Managerial Personnel (KMP) and other employees of the Company involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

### 2. FUNCTIONS OF THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee shall, inter-alia, perform the following functions:

1. Identify persons who are qualified to become Directors and employees who may be appointed in key managerial position, senior management in accordance with the criteria laid down, recommend to the Board their appointment, remuneration and removal, including succession planning.
2. Ensure that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors and also the Independent Directors, including Board diversity.
3. Devise framework to ensure that Directors are inducted through suitable familiarization process alongwith criteria for evaluation of Independent Directors and the Board and to provide for reward(s) linked directly to their effort, performance.

4. Decide / approve details of fixed components and performance linked incentives along with the performance criteria.
5. Such other functions as may be decided in accordance with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

The Chairman of the Nomination and Remuneration committee could be present at the Annual General Meeting, to answer the shareholders' queries. However, it would be up to the Chairman to decide who should answer the queries.

### 3. APPLICABILITY

This Policy is applicable to:

1. Directors viz. Executive, Non-executive and Independent
2. Key Managerial Personnel ("KMP")
3. Senior Management Personnel
4. Other Employees of the Company

### 4. MATTERS RELATING TO THE REMUNERATION, PERQUISITES FOR THE WHOLE-TIME /EXECUTIVE / MANAGING DIRECTOR

1. The remuneration / compensation / profit-linked commission etc. to the Whole-time /Executive/ Managing Directors will be recommended by the Committee and approved by the Board. The remuneration / compensation / profit-linked commission etc. shall be in accordance with the percentage / slabs / conditions laid in the Companies Act, 2013 and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.
2. If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole Time Director(s) in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the prior approval of the Central Government.
3. Increments to the Whole Time Director(s) should be within the slabs approved by the shareholders. Increments will be effective 1<sup>st</sup> April in respect of a Whole Time Director as well as in respect of other employees of the Company, unless otherwise decided.

## 5. REMOVAL

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or one level below KMP subject to the provisions of the Companies Act, 2013 and all other applicable Acts, Rules and Regulations, if any.

## 6. RETIREMENT

The Director, KMP and one level below the KMP shall retire as per the applicable provisions of the Regulations and the prevailing policy of the Company. Employment of the services of the Director, KMP, Senior Management Personnel as consultants after their retirement would be at the sole discretion of the Board.

## 7. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR

### 7.1. Sitting Fees

The Resident Non-Executive Independent Directors of the Company shall be paid sitting fees as per the applicable Regulations and no sitting fee is to be paid to Non-resident Non-Executive Directors. The quantum of sitting fees will be determined as per the recommendation of the Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

### 7.2. Profit-linked Commission

The profit-linked Commission shall be paid within the monetary limit approved by the shareholders of the Company subject to the same not exceeding 2% of the net profits of the Company computed as per the applicable provisions of the Regulations.

### 7.3. Stock Options

An Independent Director shall not be entitled to any stock option of the Company

## 8. REMUNERATION TO KMP, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

The KMP, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and / or as may approved by the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to PF, pension scheme, medical expenses, club fees etc. shall be as per the Company's HR policies.

The Chief Executive Officer of the Company will make organisation-wide annual presentation(s) before the Committee which would have requisite details setting out the proposed performance bonus payouts for the current financial year as well as the proposed increments for the next financial year. The Committee shall peruse and approve the same unless required under relevant regulations, to refer the same to the Board of Directors and / or Shareholders of the Company.

If the remuneration of KMPs or any other officer is to be specifically approved by the Committee and / or the Board of Directors under any Regulations, then such approval will be accordingly sought.

This Remuneration Policy shall apply to all future / continuing employment / engagement(s) with the Company. In other respects, the Remuneration Policy shall be of guidance for the Board. Any departure from the policy shall be recorded and reasoned in the Committee and Board meeting minutes. The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever.

# Annexure E

## STATEMENT OF PARTICULARS AS PER SECTION 197(12) READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

Sl. No	Name of the Director and Designation	% increase in the remuneration in the financial year ended 31 <sup>st</sup> March, 2017	Ratio of the remuneration of each Director to the median remuneration of the employees
<b>Non-Executive Directors</b>			
1.	Mr. Samprada Singh	11.51%	566.14
<b>Independent Directors</b>			
2.	Mr. Mangaldas Chhaganlal Shah	0.00%	4.84
3.	Mr. Akhouri Maheshwar Prasad	-8.33%	4.59
4.	Mr. Ranjal Laxmana Shenoy	-13.33%	5.24
5.	Mr. Arun Kumar Purwar	9.09%	4.67
6.	Ms. Sudha Ravi	0.00%	4.75
7.	Ms. Sangeeta Singh	0.00%	5.00
<b>Executive Directors</b>			
8.	Mr. Basudeo N. Singh	58.92%*	556.27
9.	Mr. Dhananjay Kumar Singh	-0.29%	140.60
10.	Mr. Sandeep Singh	0.92%	133.38
11.	Mr. Balmiki Prasad Singh	0.37%	109.59
12.	Mr. Mritunjay Kumar Singh	0.63%	129.64

\* The % increase in remuneration is mainly due to payment of commission for the FY 2016-17.

Sl. No	Name of the Key Managerial Personnel and Designation	% increase in the remuneration in the financial year ended 31 <sup>st</sup> March, 2017
1	Mr. Prabhat Agrawal, Chief Executive Officer	-21.98%**
2	Mr. Rajesh Dubey, Chief Financial Officer	43.65%**
3	Mr. Manish Narang, Company Secretary	-35.59%**

\*\* The variation is due to incentive payouts.

- The median remuneration of employees of the Company during the financial year ended 31<sup>st</sup> March, 2017 was ₹ 0.25 Million.
- During the financial year ended 31<sup>st</sup> March, 2017, the median remuneration of employees increased by 15.65%.
- As on 31<sup>st</sup> March, 2017, the Company had 11,958 permanent employees on its rolls.
- During the financial year 2016-17, there was an average 26.36% increase in the salaries of employees (other than the KMP) which was directed to make the remuneration of the employees as per the industry pay levels. Remuneration to the KMP decreased by 13.96% which was primarily due to incentive payouts. The increase in remuneration of Mr. Basudeo N. Singh, Executive Chairman, was mainly due to payment of commission for FY 2016-17 as approved by the shareholders of the Company at the 42<sup>nd</sup> Annual General Meeting held on 2<sup>nd</sup> September, 2016.
- We affirm that the remuneration paid is as per the Remuneration Policy of the Company.

For and on behalf of the Board  
**Alkem Laboratories Limited**

**Samprada Singh**  
Chairman Emeritus  
DIN: 00760279

Date: 26<sup>th</sup> May, 2017  
Place: Mumbai

# Annexure F

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,  
**Alkem Laboratories Limited**  
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Alkem Laboratories Limited** (CIN: L00305MH1973PLC174201) and having its registered office at Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013 (hereinafter called '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 31<sup>st</sup> March, 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 31<sup>st</sup> March 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**Not applicable to the Company during the audit period**);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not applicable to the Company during the audit period**);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the Company during the audit period**);
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not applicable to the Company during the audit period**); and
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) Drugs & Cosmetics Act, 1940; Food Safety & Standards Act, 2006; Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954; The Narcotic Drugs and Psychotropic Substances Act, 1985; The Poisons Act, 1919; The Sales Promotion Employees (Condition of Service)

Act, 1976; including the rules and regulations made under these Acts; Essential Commodities Act, 1955 and the Drugs (Prices Control) Order, 2013 issued thereunder; National Pharmaceutical Pricing Policy, 2012 being the laws that are specifically applicable to the Company based on their sector/industry.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Standards, Guidelines etc. mentioned above and in respect of laws specifically applicable to the company based on their sector/industry, in so far as requirement relating to licencing, submission of returns etc.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

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.

Majority decision is carried through while the dissenting members' views, if any are captured and recorded as part of the minutes. However, in the minutes of board meetings for the period under review, no dissents were noted and hence we have no reason to believe that decisions by the Board were not approved by all the directors present.

**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, guidelines and standards.

**We further report that** during the audit period the Board of Directors of the company at their meeting held on 11<sup>th</sup> November 2016, declared an interim dividend of ₹ 6/- per share subject to dividend distribution tax in respect of 11,95,65,000 equity shares of the face value of ₹ 2/- each for the financial year 2016-17.

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.

For **Manish Ghia & Associates**  
Company Secretaries

**Manish L. Ghia**  
Partner

M. No. FCS 6252 C.P. No. 3531

Place : Mumbai  
Date: 26<sup>th</sup> May, 2017

## 'Annexure A'

To,

The Members,  
**Alkem Laboratories Limited**  
Mumbai

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

1. Maintenance of secretarial record 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 reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.
4. Where ever 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 provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Manish Ghia & Associates**  
Company Secretaries

**Manish L. Ghia**  
Partner

M. No. FCS 6252 C.P. No. 3531

Place : Mumbai  
Date: 26<sup>th</sup> May, 2017

# Annexure G

## FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

as on financial year ended on 31<sup>st</sup> March, 2017

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014.

### I REGISTRATION & OTHER DETAILS

i	CIN	L00305MH1973PLC174201
ii	Registration Date	8 <sup>th</sup> August, 1973
iii	Name of the Company	Alkem Laboratories Limited
iv	Category/Sub-category of the Company	Company Limited by Shares/ Non-Govt Company
v	Address of the Registered office & contact details	Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai 400 013 Phone: +91 22 3982 9999 Fax: +91 22 2495 2955 Email ID - investors@alkem.com Website - <a href="http://www.alkemlabs.com">www.alkemlabs.com</a>
vi	Whether listed company	Yes
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt. Ltd. C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083 Phone: +91 22 49186270 Fax: +91 22 49186060 E-mail id: rnt.helpdesk@linkintime.co.in Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a>

### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Pharmaceutical	210	95.6%

### III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

SL NO	NAME & ADDRESS OF THE COMPANY	CIN/GLN/LLPIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Enzene Biosciences Limited Plot no. 165/1/26, T-Block, MIDC, Bhosari, Pune - 411028	U24232PN2006PLC165610	Subsidiary	100.00%	2(87)
2	Cachet Pharmaceuticals Private Limited Exhibition Road, P.S- Gandhi Maidan , Patna, Bihar - 800001	U24230BR1978PTC001328	Subsidiary	58.80%	2(87)
3	Indchemie Health Specialities Private Limited 510-517 Shah & Nahar Industrial Estate Dr. E Moses Road, Worli, Mumbai - 400018	U24230MH1986PTC039692	Subsidiary	51.00%	2(87)
4	Alkem Laboratories (NIG) Limited 115, Palm Avenue, Mushin, Lagos, Nigeria	N.A.	Subsidiary	100.00%	2(87)
5	Alkem Laboratories (Pty) Ltd Route 21, Corporate Park, 33 Sovereign Drive, Irene Ext.31 Gauteng 0157, South Africa	N.A.	Subsidiary	100.00%	2(87)
6	Alkem Laboratories Corporation 5th Floor, 135 Dela Rosa Street corner Legaspi Street, Legaspi Village, Makati City, Phillipines	N.A.	Subsidiary	100.00%	2(87)
7	Alkem Pharma GmbH Gutenbergstraße 13, 24941 Flensburg, Germany	N.A.	Subsidiary	100.00%	2(87)

SL NO	NAME & ADDRESS OF THE COMPANY	CIN/GLN/LLPIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
8	S & B Holdings B V Naritaweg 165, Teletone 8, 1043 BW Amsterdam, Netherlands	N.A.	Subsidiary	100.00%	2(87)
9	Pharmacor Pty Limited Suite 1, 307-317 Condamine St, Manly Vale, NSW 2093, Australia	N.A.	Subsidiary	100.00%	2(87)
10	ThePharmaNetwork LLC 180 Summit Avenue, Suit 200, Montvale, NJ 07645, U.S.A.	N.A.	Step down Subsidiary	100.00%	2(87)
11	Ascend Laboratories Sdn Bhd 16th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia	N.A.	Subsidiary	100.00%	2(87)
12	Ascend Laboratories SpA Avda. Andres Bello 2687, Las Condes, city of Santiago, Chile.	N.A.	Subsidiary	100.00%	2(87)
13	Pharmacor Limited Twiga Towers, Third Floor, P O Box 27859 00100, Nairobi, Republic of Kenya	N.A.	Subsidiary	100.00%	2(87)
14	The PharmaNetwork LLP 404/67/9 House, Seyfullin Ave., Corner of Mametova Street., Almalinskiy district, Almaty, 050004, Republic of Kazakhstan.	N.A.	Subsidiary	100.00%	2(87)
15	Alkem Laboratories Korea ,Inc 6, Gaepo-ro 26-gil, Gangnam-gu, Seoul, South Korea	N.A.	Subsidiary	100.00%	2(87)
16	S&B Pharma Inc. 405 South Motor Avenue, Azusa, California 91702, U.S.A.	N.A.	Subsidiary	100.00%	2(87)
17	Ascend Laboratories (UK) Ltd 5th Floor, 89 New Bond Street, London WS1 1DA, United Kingdom	N.A.	Subsidiary	100.00%	2(87)
18	Ascend Laboratories LLC 180 Summit Avenue, Suite 200, Montvale, New Jersey 07645, U.S.A.	N.A.	Step down Subsidiary	100.00%	2(87)

#### IV (i) SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS % TO TOTAL EQUITY)

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	79845665	0	79845665	66.78	80077796	0	80077796	66.97	0.19
b) Central Govt.or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL:(A) (1)</b>	<b>79845665</b>	<b>0</b>	<b>79845665</b>	<b>66.78</b>	<b>80077796</b>	<b>0</b>	<b>80077796</b>	<b>66.97</b>	<b>0.19</b>
<b>(2) Foreign</b>									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>79845665</b>	<b>0</b>	<b>79845665</b>	<b>66.78</b>	<b>80077796</b>	<b>0</b>	<b>80077796</b>	<b>66.97</b>	<b>0.19</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	3827398	0	3827398	3.20	2941682	0	2941682	2.46	-0.74
b) Banks/FI	21446	0	21446	0.02	86313	0	86313	0.07	0.05
c) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
d) State Government	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)									
Foreign Portfolio Investor	4294415	0	4294415	3.59	5041247	0	5041247	4.22	0.62
<b>SUB TOTAL (B)(1):</b>	<b>8143259</b>	<b>0</b>	<b>8143259</b>	<b>6.81</b>	<b>8069242</b>	<b>0</b>	<b>8069242</b>	<b>6.75</b>	<b>-0.06</b>
<b>(2) Non Institutions</b>									
a) Bodies corporates									
i) Indian	1564841	0	1564841	1.31	1600519	0	1600519	1.34	0.03
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	27452468	0	27452468	22.96	2134120	1	2134121	1.78	-21.18
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2260786	6	2260792	1.89	27379324	0	27379324	22.90	21.01
c) Others (specify)									
Trusts	5137	0	5137	0.00	1562	0	1562	0.00	0.00
Foreign Nationals	144	0	144	0.00	0	0	0	0.00	0.00
Hindu Undivided Family	183346	0	183346	0.15	195234	0	195234	0.16	0.01
Non Resident Indians (Non Repat)	18479	0	18479	0.02	24150	0	24150	0.02	0.00
Non Resident Indians (Repat)	29035	0	29035	0.02	52893	0	52893	0.04	0.02
Clearing Members	61834	0	61834	0.05	30159	0	30159	0.03	-0.03
<b>SUB TOTAL (B)(2):</b>	<b>31576070</b>	<b>6</b>	<b>31576076</b>	<b>26.41</b>	<b>31417961</b>	<b>1</b>	<b>31417962</b>	<b>26.28</b>	<b>-0.13</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>39719329</b>	<b>6</b>	<b>39719335</b>	<b>33.22</b>	<b>39487203</b>	<b>1</b>	<b>39487204</b>	<b>33.03</b>	<b>-0.19</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>119564994</b>	<b>6</b>	<b>119565000</b>	<b>100.00</b>	<b>119564999</b>	<b>1</b>	<b>119565000</b>	<b>100.00</b>	<b>0.00</b>

\* Promoter includes promoter group

## (ii) Share Holding of Promoters

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged or encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged or encumbered to total shares	
1	Samprada Singh	4992520	4.18	-	1577190	1.32	-	-2.86
2	Samprada Singh HUF	150800	0.13	-	150800	0.13	-	0.00
3	Balmiki Prasad Singh	6257355	5.23	-	71595	0.06	-	-5.17
4	Manju Singh	1324600	1.11	-	0	0.00	-	-1.11
5	Sarandhar Singh	1812000	1.52	-	79800	0.07	-	-1.45
6	Srinivas Singh	1812000	1.52	-	79800	0.07	-	-1.45
7	Satish K. Singh	3395704	2.84	-	21444	0.02	-	-2.82
8	Prem Lata Singh	1012200	0.85	-	0	0.00	-	-0.85
9	Sarvesh Singh	1659600	1.39	-	79800	0.07	-	-1.32
10	Annapurna Singh	1591600	1.33	-	0	0.00	-	-1.33
11	Sandeep Singh	1652867	1.38	-	108867	0.09	-	-1.29
12	Inderjit Arora	1599400	1.34	-	7800	0.01	-	-1.33
13	Basudeo N Singh	8405950	7.03	-	8479950	7.09	-	0.06
14	Rekha Singh	3459150	2.89	-	3459150	2.89	-	0.00
15	Dhananjay K. Singh	5766260	4.82	-	5766260	4.82	-	0.00
16	Madhurima Singh	2974159	2.49	-	2974240	2.49	-	***0.00
17	Divya Singh	1195650	1.00	-	1195650	1.00	-	0.00
18	Aniruddha Singh	1195650	1.00	-	1195650	1.00	-	0.00
19	Mritunjay K. Singh	5776760	4.83	-	5806060	4.86	-	0.02
20	Seema Singh	2937740	2.46	-	2937740	2.46	-	0.00
21	Meghna Singh	1197650	1.00	-	1204150	1.01	-	0.01
22	Shrey Shreanant Singh	1195650	1.00	-	1195650	1.00	-	0.00
23	Archana Singh	2394050	2.00	-	2394050	2.00	-	0.00
24	Sarandhar Singh*	0	0.00	-	25205800	21.08	-	21.08
	<b>Total</b>	<b>63759315</b>	<b>53.33</b>	<b>-</b>	<b>63991446</b>	<b>53.52</b>	<b>-</b>	<b>0.19</b>

\*Shares held on behalf of Samprada &amp; Nanhamati Singh Family Trust.

\*\*\*Negligible

## (iii) Change in Promoters' Shareholding

Sr. No.	Shareholders Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.2016)	% of total Shares of the Company				No. of Shares	% of Shares of the Company
1	Samprada Singh	4992520	4.18	01.04.2016				
				24.06.2016	750	Market Purchase	4993270	4.18
				20.07.2016	-263200	Transfer to Mr. Sarvesh Singh and Mr. Sandeep Singh	4730070	3.96
				21.12.2016	10000	Market Purchase	4740070	3.96
				06.01.2017	-10000	Transfer to Mr. Sarvesh Singh	4730070	3.96
				25.03.2017	-1891811	Transfer to Mr. Sarandhar Singh*	2838259	2.37
				29.03.2017	-1261069	Transfer to Mr. Sarandhar Singh*	1577190	1.32
				31.03.2017	-	-	1577190	1.32
2	Basudeo N. Singh	8405950	7.03	01.04.2016				
				01.06.2016	39000	Market Purchase	8444950	7.06
				23.06.2016	709	Market Purchase	8445659	7.06
				24.06.2016	34291	Market Purchase	8479950	7.09
				31.03.2017	-	-	8479950	7.09

Sr. No.	Shareholders Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.2016)	% of total Shares of the Company				No. of Shares	% of Shares of the Company
3	Balmiki Prasad Singh	6257355	5.23	01.04.2016				
				21.12.2016	30000	Market Purchase	6287355	5.26
				25.03.2017	-2355332	Transfer to Mr. Sarandhar Singh*	3932023	
				29.03.2017	-3860428	Transfer to Mr. Sarandhar Singh*	71595	
				31.03.2017	-		71595	0.06
4	Dhananjay Kumar Singh	5766260	4.82	01.04.2016				
					-	-		
				31.03.2017	-	-	5766260	4.82
5	Mritunjay Kumar Singh	5776760	4.83	01.04.2016				
				01.04.2016**	2000	Market Purchase	5778760	4.83
				30.05.2016	6000	Market Purchase	5784760	4.84
				31.05.2016	2730	Market Purchase	5787490	4.84
				22.06.2016	16	Market Purchase	5787506	4.84
				23.06.2016	163	Market Purchase	5787669	4.84
				24.06.2016	5417	Market Purchase	5793086	4.85
				27.06.2016	4325	Market Purchase	5797411	4.85
				28.06.2016	3649	Market Purchase	5801060	4.85
				16.12.2016	5000	Market Purchase	5806060	4.86
				31.03.2017	-	-	5806060	4.86
6	Sandeep Singh	1652867	1.38	01.04.2016				
				30.05.2016	4000	Market Purchase	1656867	1.39
				10.06.2016	1800	Market Purchase	1658667	1.39
				20.07.2016	131600	Transfer from Mr. Samprada Singh	1790267	1.50
				31.08.2016	1000	Market Purchase	1791267	1.50
				22.11.2016	800	Market Purchase	1792067	1.50
				21.12.2016	40000	Market Purchase	1832067	1.53
				29.03.2017	-1723200	Transfer to Mr. Sarandhar Singh*	108867	0.09
				31.03.2017	-	-	108867	0.09
				7	Samprada Singh HUF	150800	0.13	01.04.2016
	-	-						
31.03.2017	-	-	150800					0.13
8	Manju Singh	1324600	1.11	01.04.2016				
				25.03.2017	-501929	Transfer to Mr. Sarandhar Singh*	822671	0.69
				29.03.2017	-822671	Transfer to Mr. Sarandhar Singh*	0	0.00
				31.03.2017	-	-	0	0.00
9	Sarandhar Singh	1812000	1.52	01.04.2016				
				10.06.2016	1800	Market Purchase	1813800	1.52
				21.12.2016	10000	Market Purchase	1823800	1.53
				29.03.2017	-1744000	Transfer to Mr. Sarandhar Singh*	79800	0.07
				31.03.2017	-	-	79800	0.07
10	Srinivas Singh	1812000	1.52	01.04.2016				
				10.06.2016	1800	Market Purchase	1813800	1.52
				21.12.2016	10000	Market Purchase	1823800	1.53
				29.03.2017	-1744000	Transfer to Mr. Sarandhar Singh*	79800	0.07
				31.03.2017	-	-	79800	0.07

Sr. No.	Shareholders Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.2016)	% of total Shares of the Company				No. of Shares	% of Shares of the Company
11	Satish K Singh	3395704	2.84	01.04.2016				
				30.05.2016	3000	Market Purchase	3398704	2.84
				31.05.2016	1000	Market Purchase	3399704	2.84
				16.08.2016	1500	Market Purchase	3401204	2.84
				17.08.2016	3000	Market Purchase	3404204	2.85
				29.03.2017	-3382760	Transfer to Mr. Sarandhar Singh*	21444	0.02
			31.03.2017	-	-		21444	0.02
12	Premlata Singh	1012200	0.85	01.04.2016				
				25.03.2017	-383552	Transfer to Mr. Sarandhar Singh*	628648	0.53
				29.03.2017	-628648	Transfer to Mr. Sarandhar Singh*	0	0.00
				31.03.2017	-	-	0	0.00
13	Sarvesh Singh	1659600	1.39	01.04.2016				
				13.06.2016	1800	Market Purchase	1661400	1.39
				20.07.2016	131600	Transfer from Mr. Samprada Singh	1793000	1.50
				06.01.2017	10000	Transfer from Mr. Samprada Singh	1803000	1.51
				25.03.2017	-603104	Transfer to Mr. Sarandhar Singh*	1199896	1.00
				29.03.2017	-1120096	Transfer to Mr. Sarandhar Singh*	79800	0.07
				31.03.2017	-	-	79800	0.07
14	Annapurna Singh	1591600	1.33	01.04.2016				
				25.03.2017	-603104	Transfer to Mr. Sarandhar Singh*	988496	0.83
				29.03.2017	-988496	Transfer to Mr. Sarandhar Singh*	0	0.00
				31.03.2017	-	-	0	0.00
15	Inderjit Arora	1599400	1.34	01.04.2016				1.34
				29.03.2017	-1591600	Transfer to Mr. Sarandhar Singh*	7800	0.01
				31.03.2017	-	-	7800	0.01
16	Rekha Singh	3459150	2.89	01.04.2016				
				31.03.2017	-	-	3459150	2.89
17	Madhurima Singh	2974159	2.49	01.04.2016				
				01.04.2016**	81	Market Purchase	2974240	2.49
				31.03.2017	-	-	2974240	2.49
18	Divya Singh	1195650	1.00	01.04.2016				
				31.03.2017	-	-	1195650	1.00
19	Annirudha Singh	1195650	1.00	01.04.2016				
				31.03.2017	-	-	1195650	1.00
20	Seema Singh	2937740	2.46	01.04.2016				
				31.03.2017	-	-	2937740	2.46
21	Meghna Singh	1197650	1.00	01.04.2016				
				01.04.2016**	1100	Market Purchase	1198750	1.00
				30.05.2016	2450	Market Purchase	1201200	1.00
				24.06.2016	950	Market Purchase	1202150	1.01
				16.12.2016	2000	Market Purchase	1204150	1.01
				31.03.2017	-	-	1204150	1.01

Sr. No.	Shareholders Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.2016)	% of total Shares of the Company				No. of Shares	% of Shares of the Company
22	Shrey Shreeanant Singh	1195650	1.00	01.04.2016	-	-		
				31.03.2017	-	-	1195650	1.00
23	Archana Singh	2394050	2.00	01.04.2016	-	-		
				31.03.2017	-	-	2394050	2.00
24	Sarandhar Singh*	0	0.00	01.04.2016	-	-		
				25.03.2017	1891811	Transfer from Mr. Samprada Singh	1891811	1.58
				25.03.2017	2355332	Transfer from Mr. Balmiki Prasad Singh	4247143	3.55
				25.03.2017	501929	Transfer from Ms. Manju Singh	4749072	3.97
				25.03.2017	383552	Transfer from Ms. Premlata Singh	5132624	4.29
				25.03.2017	603104	Transfer from Mr. Sarvesh Singh	5735728	4.80
				25.03.2017	603104	Transfer from Ms. Annapurna Singh	6338832	5.30
				29.03.2017	1261069	Transfer from Mr. Samprada Singh	7599901	6.36
				29.03.2017	3860428	Transfer from Mr. Balmiki Prasad Singh	11460329	9.59
				29.03.2017	822671	Transfer from Ms. Manju Singh	12283000	10.27
				29.03.2017	1744000	Transfer from Mr. Sarandhar Singh	14027000	11.73
				29.03.2017	1744000	Transfer from Mr. Srinivas Singh	15771000	13.19
				29.03.2017	3382760	Transfer from Mr. Satish Kumar Singh	19153760	16.02
				29.03.2017	628648	Transfer from Ms. Premlata Singh	19782408	16.55
				29.03.2017	1120096	Transfer from Mr. Sarvesh Singh	20902504	17.48
				29.03.2017	988496	Transfer from Ms. Annapurna Singh	21891000	18.31
				29.03.2017	1723200	Transfer from Mr. Sandeep Singh	23614200	19.75
				29.03.2017	1591600	Transfer from Ms. Inderjit Arora	25205800	21.08
				31.03.2017	-	-	25205800	21.08

\*Shares held on behalf of Samprada & Nanhamati Singh Family Trust.

\*\*Shares traded on 29.03.2016

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

Sr. No.	Shareholders Name For Each of the Shareholders	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.2016)	% of total Shares of the Company				No. of Shares	% of Shares of the Company
1	Jayanti Sinha	7138220	5.97	01.04.2016	-	-	-	-
				31.03.2017	-	-	7138220	5.97
2	Nawal Kishore Singh	4311060	3.61	01.04.2016	-	-	-	-
				31.03.2017	-	-	4311060	3.61
3	Prabhat N Singh	3729960	3.12	01.04.2016	-	-	-	-
				31.03.2017	-	-	3729960	3.12
4	Rajesh Kumar	3305535	2.76	01.04.2016	-	-	-	-
				31.03.2017	-	-	3305535	2.76
5	Rajeev Ranjan	3040342	2.54	01.04.2016	-	-	-	-
				31.03.2017	-	-	3040342	2.54
6	Deepak Kumar Singh	2734605	2.29	01.04.2016	-	-	-	-
				31.03.2017	-	-	2734605	2.29
7	Kishore Kumar Singh	2729565	2.28	01.04.2016	-	-	-	-
				31.03.2017	-	-	2729565	2.28
8	Lalan Kumar Singh	2711538	2.27	01.04.2016	-	-	-	-
				31.03.2017	-	-	2711538	2.27
9	Tushar Kumar	2227680	1.86	01.04.2016	-	-	-	-
				31.03.2017	-	-	2227680	1.86
10	Anju Singh	1766550	1.48	01.04.2016	-	-	-	-
				24.03.2017#	-7094	Market Sell	1759456	1.47
				31.03.2017	-	-	1759456	1.47

#Details as per weekly Benpos received, exact trade date not available with the Company.

**(v) Shareholding of Directors & KMP**

Sr. No.	Name of Director / KMP	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.2016)	% of the shares of the Company				No. of Shares	% of Shares of the Company
1	Samprada Singh	4992520	4.18	01.04.2016	-	-	-	-
				24.06.2016	750	Market Purchase	4993270	4.18
				20.07.2016	-263200	Transfer to Mr. Sarvesh Singh and Mr. Sandeep Singh	4730070	3.96
				21.12.2016	10000	Market Purchase	4740070	3.96
				06.01.2017	-10000	Transfer to Mr. Sarvesh Singh	4730070	3.96
				25.03.2017	-1891811	Transfer to Mr. Sarandhar Singh*	2838259	2.37
				29.03.2017	-1261069	Transfer to Mr. Sarandhar Singh*	1577190	1.32
				31.03.2017	-	-	1577190	1.32

Sr. No.	Name of Director / KMP	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.2016)	% of the shares of the Company				No. of Shares	% of Shares of the Company
2	Basudeo N. Singh	8405950	7.03	01.04.2016				
				01.06.2016	39000	Market Purchase	8444950	7.06
				23.06.2016	709	Market Purchase	8445659	7.06
				24.06.2016	34291	Market Purchase	8479950	7.09
				31.03.2017	-	-	8479950	7.09
3	Balmiki Prasad Singh	6257355	5.23	01.04.2016				
				21.12.2016	30000	Market Purchase	6287355	5.26
				25.03.2017	-2355332	Transfer to Mr. Sarandhar Singh*	3932023	3.29
				29.03.2017	-3860428	Transfer to Mr. Sarandhar Singh*	71595	0.06
				31.03.2017	-	-	71595	0.06
4	Dhananjay Kumar Singh	5766260	4.82	01.04.2016				
				-	-	-	-	-
				31.03.2017	-	-	5766260	4.82
5	Mritunjay Kumar Singh	5776760	4.83	01.04.2016				
				01.04.2016**	2000	Market Purchase	5778760	4.83
				30.05.2016	6000	Market Purchase	5784760	4.84
				31.05.2016	2730	Market Purchase	5787490	4.84
				22.06.2016	16	Market Purchase	5787506	4.84
				23.06.2016	163	Market Purchase	5787669	4.84
				24.06.2016	5417	Market Purchase	5793086	4.85
				27.06.2016	4325	Market Purchase	5797411	4.85
				28.06.2016	3649	Market Purchase	5801060	4.85
				16.12.2016	5000	Market Purchase	5806060	4.86
				31.03.2017	-	-	5806060	4.86
6	Sandeep Singh	1652867	1.38	01.04.2016				
				30.05.2016	4000	Market Purchase	1656867	1.39
				10.06.2016	1800	Market Purchase	1658667	1.39
				20.07.2016	131600	Transfer from Mr. Samprada Singh	1790267	1.50
				31.08.2016	1000	Market Purchase	1791267	1.50
				22.11.2016	800	Market Purchase	1792067	1.50
				21.12.2016	40000	Market Purchase	1832067	1.53
				29.03.2017	-1723200	Transfer to Mr. Sarandhar Singh*	108867	0.09
				31.03.2017	-	-	108867	0.09
				7	Mangaldas Chhaganlal Shah	0	0.00	01.04.2016
31.03.2017	-	-	0					0.00
8	Akhouri Maheshwar Prasad	0	0.00	01.04.2016				
				31.03.2017	-	-	0	0.00
9	Ranjal Laxmana Shenoy	0	0.00	01.04.2016				
				31.03.2017	-	-	0	0.00
10	Arun Kumar Purwar	0	0.00	01.04.2016				
				31.03.2017	-	-	0	0.00
11	Sangeeta Singh	0	0.00	01.04.2016				
				31.03.2017	-	-	0	0.00
12	Sudha Ravi	0	0.00	01.04.2016				
				31.03.2017	-	-	0	0.00

Sr. No.	Name of Director / KMP	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.2016)	% of the shares of the Company				No. of Shares	% of Shares of the Company
13	Prabhat Agrawal (CEO)	210	0.00***	01.04.2016	-	-	-	-
				07.11.2016	34	Market Purchase	244	0.00***
				08.11.2016	1	Market Purchase	245	0.00***
				31.03.2017	-	-	245	0.00***
14	Rajesh Dubey (CFO)	210	0.00***	01.04.2016	-	-	-	-
				31.03.2017	-	-	210	0.00***
15	Manish Narang (Company Secretary and Compliance Officer)	392	0.00***	01.04.2016	-	-	-	-
				02.06.2016	21	Market Purchase	413	0.00***
				28.02.2017	-25	Market Sell	388	0.00***
				22.03.2017	-225	Market Sell	163	0.00***
				31.03.2017	-	-	163	0.00***

\*Shares held on behalf of Samprada & Nanhamati Singh Family Trust .

\*\*Shares traded on 29.03.2016

\*\*\*Negligible

## V INDEBTEDNESS

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

	(₹ in Million)			
	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,807.1	1,995.6	-	3,802.7
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.8	-	-	2.8
<b>Total (i+ii+iii)</b>	<b>1,809.9</b>	<b>1,995.6</b>	-	<b>3,805.5</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	99,802.8	162,186.8	-	261,989.6
Reduction	100,532.7	161,580.1	-	262,112.8
Net Change	-729.9	606.7	-	-123.2
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1,080.0	2,602.3	-	3,682.3
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>1,080.0</b>	<b>2,602.3</b>	-	<b>3,682.3</b>

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole time director and/or Manager:

(₹ in Million)

Sl. No	Particulars of Remuneration	Name of the Director					Total
		Mr. Basudeo N. Singh	Mr. Dhananjay Kumar Singh	Mr. Sandeep Singh	Mr. Balmiki Prasad Singh	Mr. Mritunjay Kumar Singh	
<b>1</b>	<b>Gross salary</b>						
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	82.8	30.8	30.8	24.6	30.8	199.8
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	3.5	2.9	1.2	1.7	0.2	9.6
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-
2	Stock option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission as % of profit	42.5	-	-	-	-	42.5
	others, please specify	-	-	-	-	-	-
5	Others(Perquisites and Employer Contribution)	9.2	1.2	1.2	0.9	1.2	13.5
	<b>Total (A)</b>	<b>138.1</b>	<b>34.9</b>	<b>33.1</b>	<b>27.2</b>	<b>32.2</b>	<b>265.4</b>
	<b>Ceiling as per the Act</b>						<b>904.6</b>

### B. Remuneration to other directors:

(₹ in Million)

Sl. No	Particulars of Remuneration	Mangaldas Chaganlal Shah	Akhouri Maheshwar Prasad	Ranjal Laxmana Shenoy	Arun Kumar Purwar	Sudha Ravi	Sangeeta Singh	Total
		<b>1</b>	<b>Independent Directors</b>					
	(a) Fee for attending board and committee meetings	0.2	0.1	0.3	0.2	0.2	0.2	1.2
	(b) Commission	1.0	1.0	1.0	1.0	1.0	1.0	6.0
	(c) Others, please specify	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>1.2</b>	<b>1.1</b>	<b>1.3</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	<b>7.2</b>
<b>2</b>	<b>Other Non Executive Directors</b>	Mr. Samprada Singh						
	(a) Fee for attending Board and Committee meetings	0						
	(b) Commission	140.5						
	(c) Others, please specify.	-						
	<b>Total (2)</b>	<b>140.5</b>						
	<b>Total (B)=(1+2)</b>	<b>141.7</b>						
	<b>Total Managerial Remuneration</b>							<b>413.1</b>

Overall Ceiling as per the Act.

Sitting fees paid to the Independent Directors was within the ceiling limit as prescribed under the Companies Act, 2013.

Commission paid to Non-Executive Directors (including Independent Directors) was within the ceiling limit approved by the Shareholders of the Company i.e. ₹ 180.9 Million (2% of the Net Profits of the Company)

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(₹ in Million)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO: Mr. Prabhat Agrawal	CFO: Mr. Rajesh Dubey	Company Secretary: Mr Manish Narang	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	43.5	16.9	6.8	67.2
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.6	0.3	0.3	1.2
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission as % of profit	-	-	-	-
	others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Perquisites and Employer Contribution to PF	1.7	0.9	0.5	3.1
	Performance-linked Incentive Pay	-	-	-	-
	<b>Total</b>	<b>45.8</b>	<b>18.1</b>	<b>7.6</b>	<b>71.5</b>

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: N.A.**

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)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding (Managing Director)					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding (Company Secretary)					

For and on behalf of the Board  
**Alkem Laboratories Limited**

**Samprada Singh**  
Chairman Emeritus  
DIN: 00760279

Place: Mumbai  
Date: 26<sup>th</sup> May, 2017

# Annexure H

## INFORMATION ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE DETAILS

[Pursuant to the Companies (Accounts) Rules, 2014]

### (A) CONSERVATION OF ENERGY:

#### (1) Energy Conservation Measures taken:

Energy Conservation continues to receive priority within the Company. The continuous monitoring of the energy consumptions across the Company's locations, has resulted in improvement in maintenance systems and reduction in distribution losses.

Specific Energy Conservation measures taken during financial year 2016-17 are as follows:

1. Installation of Auto RH (Relative Humidity) & Temperature Controller, Variable Frequency Drive (VFD) in Air Handling Units at various plant locations of the Company for power saving.
2. Installation of temperature sensor to control the temperature of cooling tower for chiller used in Heating, Ventilating, and Air Conditioning (HVAC) at Samardung plant.
3. Replacing boiler fuel from Furnace Oil to briquette at Baddi plant, from wood to briquette at Daman & from High Speed Diesel to Furnace Oil at Sikkim.
4. Heater banks of dehumidifiers have been replaced with steam coil at Kumrek plant. Due to this the Company is saving huge amount of energy in the form of electricity.
5. Additional Capacitor Bank has been installed at Kumrek plant to increase the power factor from 0.92 to 0.99.
6. Replaced CFL lights with LED lights for power saving at all the manufacturing locations of the Company.
7. Installation of Economiser, Steam trap, Steam condensate recovery system to increase the boiler fuel efficiency and reduction in steam consumption at Daman and Mandva plant.
8. Automation of bore-well pump at Samardung plant has resulted in water & energy saving.

#### (2) Steps taken by the Company for utilizing the alternate sources of energy:

Power generated from Solar system as alternate source of energy at Company's API Plant at Mandva.

### (3) The capital investment on Energy Conservation equipment:

		(₹ in Million)
Sr. No.	Particulars	Amount
1.	Data Acquisition & Control Sytem	6.9
2.	Chiller 250 TR	4.6
3.	LED Lights	4.4
4.	Variable Frequency drive in AHU	2.9
5.	Economiser for briquette boiler	1.1
6.	Change in boiler fuel	0.4
7.	Steam Straps	0.3
8.	Installation of Capacitor Bank	0.3
9.	Air compressor in Utility	0.2
10.	Steam condensate recovery system	0.1
11.	Dehumidifiers steam coil installation	0.1
12.	Sensor & controller	0.1
<b>Total</b>		<b>21.4</b>

### (B) TECHNOLOGY ABSORPTION:

#### 1. Efforts, in brief, made towards technology absorption:

- i. Development and patenting of new molecular forms and methods of synthesis.
- ii. Development of new drug delivery systems.

#### 2. Benefits derived as a result of the above efforts:

- i. Improvement in operational efficiency through reduction in batch hours, increase in batch sizes, better solvent recovery and simplification of processes.
- ii. Meeting norms of external regulatory agencies to facilitate more exports.
- iii. Improvements in effluent treatment, pollution control and all-round safety standards.
- iv. Maximum utilization of indigenous raw materials.
- v. Development of products for import substitution.

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

##### (i) Granurex GXR-95 (the conical rotor insert):

- (a) The details of technology imported:  
The Company imported this technology from USA. This equipment is manufactured by Freund Vector and is used for the powder layering on pellets. This technology is useful in achieving drug layering

at much faster rate as compared to conventional techniques, which in turn increases production efficiency;

- (b) The year of import: 2015-16;
- (c) Whether the technology has been fully absorbed: Yes
- (d) If not, areas where absorption has not taken place and the reasons thereof: N.A.

**(ii) High Speed Rotary Tablet Press Courtoy Performa™ P with MUPS feeding system:**

- (a) The details of technology imported:  
The Company imported this press to increase process yield and enhance the tablet quality, an innovative new MUPS production method which works on a continuous dosing, blending and compression system. This technology increases the production efficiency and reduces the product quality risks;
- (b) The year of import: 2015-16;
- (c) Whether the technology has been fully absorbed: Yes
- (d) If not, areas where absorption has not taken place and the reasons thereof: N.A.

**(iii) Korsch Compression Machine:**

- (a) The details of technology imported:  
Compression Machine which is monolayer as well as bilayer;
- (b) The year of import: 2015-16;
- (c) Whether the technology has been fully absorbed: Yes
- (d) If not, areas where absorption has not taken place and the reasons thereof: N.A.

**(iv) Gea Compression Machine:**

- (a) The details of technology imported:  
Gea Compression Machine for infusion of micro tablet into capsule for min tablet of 2.2 mm diameter;
- (b) The year of import: 2015-16;
- (c) Whether the technology has been fully absorbed: Yes
- (d) If not, areas where absorption has not taken place and the reasons thereof: N.A.

**4. Expenditure on R & D:**

		(₹ in Million)	
Sr. No.	Particulars	2016-17	2015-16
(i)	Capital	265.6	207.6
(ii)	Recurring	2,763.0	1,917.4
	(excluding depreciation of ₹ 123.6 Million)		(excluding depreciation of ₹ 102.7 Million)
<b>Total</b>		<b>3028.6</b>	<b>2,124.9</b>
Total R & D expenditure as percentage to total turnover		6.49%	5.38%

**(C) FOREIGN EXCHANGE EARNING AND OUTGO:**

		(₹ in Million)	
		2016-17	2015-16
Foreign Exchange earned		8,410.0	6,563.3
Foreign Exchange used		1,903.2	1,471.4

For and on behalf of the Board  
**Alkem Laboratories Limited**

**Samprada Singh**  
Chairman Emeritus  
DIN: 00760279

Date: 26<sup>th</sup> May, 2017  
Place: Mumbai

# CORPORATE GOVERNANCE REPORT

## (1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company is committed to good corporate governance. The Company respects the rights of its shareholders to obtain information on the performance of the Company. Its endeavour has always been to maximize the long term value to the shareholders of the Company. The Company places great emphasis on principles such as empowerment and integrity of its employees, safety of the employees

& communities surrounding our plants, transparency in decision making process, fair & ethical dealings with all stakeholders and society in general. The Compliance Report on Corporate Governance herein signifies adherence by the Company of all mandatory requirements of Regulation 34(3) and Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations").

## (2) BOARD OF DIRECTORS

The present strength of the Board of Directors of your company is twelve (12) directors.

Composition of the Board is in conformity with Regulation 17 of SEBI LODR Regulations read with Section 149 of the Companies Act, 2013 ("Act"). The names and categories of Directors are as follows:

Category	Name of Directors	Inter-se relationship between Directors
Promoter, Non-Executive and Non-Independent Director	Mr. Samprada Singh (Chairman Emeritus)	Father of Mr. Balmiki Prasad Singh and Grandfather of Mr. Sandeep Singh
	Mr. Basudeo N. Singh (Executive Chairman)	Father of Mr. Dhananjay Kumar Singh and Mr. Mritunjay Kumar Singh
Promoter Executive Directors	Mr. Dhananjay Kumar Singh (Joint Managing Director)	Son of Mr. Basudeo N. Singh and Brother of Mr. Mritunjay Kumar Singh
	Mr. Sandeep Singh (Joint Managing Director)	Grandson of Mr. Samprada Singh
	Mr. Mritunjay Kumar Singh (Executive Director)	Son of Mr. Basudeo N. Singh and Brother of Mr. Dhananjay Kumar Singh
	Mr. Balmiki Prasad Singh (Executive Director)	Son of Mr. Samprada Singh
Non-Executive Independent Directors	Mr. Arun Kumar Purwar	N.A.
	Mr. Ranjal Laxmana Shenoy	N.A.
	Mr. Akhouri Maheshwar Prasad	N.A.
	Mr. Mangaldas Chhaganlal Shah <sup>#</sup>	N.A.
	Ms. Sangeeta Singh	N.A.
	Ms. Sudha Ravi	N.A.
	Mr Dheeraj Sharma <sup>*</sup>	N.A.

\* Appointed w.e.f. 26<sup>th</sup> May, 2017.

# Resigned w.e.f. 17<sup>th</sup> May, 2017.

### Shareholding of Non-Executive Directors

As on 31<sup>st</sup> March, 2017, Mr. Samprada Singh, Chairman Emeritus and Non-Executive Director held 15,77,190 Equity Shares in the share capital of the Company. None of the other Non-Executive Directors held any Equity Shares of the Company as on 31<sup>st</sup> March, 2017.

As required under Schedule IV of the Act, the Company has issued formal letters of appointment to the Independent Directors. The terms & conditions of their appointment are posted pursuant to Regulation 46(2)(b) of the SEBI LODR Regulations, on the Company's website and can be accessed at [http://www.alkemlabs.com/admin/Photos/Policies/88450060729729Terms\\_of\\_Appointment\\_Independent\\_Directors.pdf](http://www.alkemlabs.com/admin/Photos/Policies/88450060729729Terms_of_Appointment_Independent_Directors.pdf)

### Board Meetings

Six Board meetings were held during the year. The dates on which the meetings were held during the year ended 31<sup>st</sup> March, 2017 are as follows:

27<sup>th</sup> May, 2016, 12<sup>th</sup> August, 2016, 11<sup>th</sup> November, 2016, 10<sup>th</sup> February, 2017, 10<sup>th</sup> March, 2017 and 29<sup>th</sup> March, 2017.

In accordance with the provisions of Schedule IV of the Act and Regulation 25(3) of the SEBI LODR Regulations, a separate meeting of the Independent Directors of the Company was held on 29<sup>th</sup> March, 2017 to review the performance of Non-Independent Directors (including the Chairpersons) and the entire Board. The Independent Directors also assessed the quality, quantity and timelines

of the flow of information between the Management and the Board, necessary for the Board to effectively and reasonably perform its duties.

Attendance of each Director at the Board meetings, last Annual General Meeting (AGM), and number of other Directorships and Chairmanships/Memberships of Committee of each Director, are given below:

Name of Director	Attendance Particulars for the year ended 31 <sup>st</sup> March, 2017			*No. of other Directorships and Committee Memberships / Chairmanships as of 31 <sup>st</sup> March, 2017		
	Board Meetings held during the director's tenure	Board Meetings attended	Last AGM held on 2 <sup>nd</sup> September, 2016	Other Directorships	Committee Memberships #	Committee Chairmanships #
Mr. Samprada Singh	6	4	Yes	0	0	0
Mr. Basudeo N. Singh	6	6	Yes	1	0	0
Mr. Dhananjay Kumar Singh	6	5	Yes	0	0	0
Mr. Sandeep Singh	6	5	Yes	1	1	0
Mr. Mritunjay Kumar Singh	6	6	Yes	1	1	0
Mr. Balmiki Prasad Singh	6	3	Yes	0	0	0
Mr. Arun Kumar Purwar	6	6	Yes	8	5	3
Mr. Ranjal Laxmana Shenoy	6	6	Yes	4	5	1
Mr. Akhouri Maheshwar Prasad	6	6	Yes	1	1	0
Mr. Mangaldas Chhaganlal Shah <sup>§</sup>	6	5	Yes	0	0	0
Ms. Sangeeta Singh	6	6	No	4	5	0
Ms. Sudha Ravi	6	5	Yes	3	3	1

\* The list does not include Directorships, Committee Memberships and Committee Chairmanships in Private Limited, Foreign and Section 8 Companies.

# The Committee Memberships and Chairmanships in other Companies include Memberships and Chairmanships of Audit and Stakeholders' Relationship Committee of public companies only.

§ Mr Mangaldas Chhaganlal Shah resigned as a Director of the Company w.e.f. 17<sup>th</sup> May, 2017.

### Familiarization Programme

At the time of appointment, Independent Directors are made aware of their roles, rights and responsibilities through a formal letter of appointment which also stipulates the various terms and conditions of their engagement. At Board and Committee Meetings, the Independent Directors are on regular basis familiarized with the business model, regulatory environment in which it operates, strategy, operations, functions, policies and procedures of the Company and its subsidiaries. Independent Directors were invited to attend conferences held with objectives to guide corporate directors in carrying governance and compliance responsibilities amidst complex demands placed upon them by the Act and SEBI LODR Regulations. The details of the Familiarization Programmes imparted by the Company to the Independent Directors during the financial year have been uploaded on the Company's website, the web link for which is <http://www.alkemlabs.com/corporate-governance>.

### (3) CODE OF CONDUCT

All the Directors and senior management have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors and a declaration to the effect signed by the Chief Executive Officer has

been annexed to the Corporate Governance Report. The Code of Conduct has been posted on the website of the Company, the web link for which is [http://www.alkemlabs.com/admin/Photos/Policies/824596594993521810CODE\\_OF\\_BUSINESS\\_CONDUCT\\_AND\\_ETHICS\\_FOR\\_SENIOR\\_MANAGEMENT.pdf](http://www.alkemlabs.com/admin/Photos/Policies/824596594993521810CODE_OF_BUSINESS_CONDUCT_AND_ETHICS_FOR_SENIOR_MANAGEMENT.pdf).

### (4) PREVENTION OF INSIDER TRADING CODE

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted Code of Conduct for Fair disclosure of unpublished price sensitive information and Regulating, Monitoring and Reporting of Trading by Insiders. All the Directors, employees and third parties such as auditors, consultants etc. who could have access to the unpublished price sensitive information of the Company are governed by this code. The trading window is closed during the time of declaration of results and occurrence of any material events as per the code as decided by the Compliance Officer. The Board of Directors had appointed Mr. Manish Narang, President – Legal, Company Secretary as Compliance Officer, who is responsible for setting forth procedures and implementation of the code for trading in Company's securities. During the year under review there has been due compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

## (5) AUDIT COMMITTEE

The present constitution of the audit committee of the Company is as follows:

Name of the Director	Designation in the committee
Mr. Ranjal Laxmana Shenoy	Chairman
Ms. Sudha Ravi	Member
Mr. Mritunjay Kumar Singh	Member
Ms. Sangeeta Singh	Member

Mr. Manish Narang, President -Legal, Company Secretary and Compliance Officer is the secretary of the audit committee.

### Brief Terms of reference of the audit committee:

1. Oversight of the company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, re-appointment, remuneration and terms of appointment of auditors of the Company and the fixation of audit fee;
3. Review and monitor the auditor's independence and performance and effectiveness of audit process;
4. Approval of payment to statutory auditors for any other services rendered by them;
5. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - i. Matters required to be included in the 'Director's Responsibility Statement' to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - ii. Changes, if any, in accounting policies and practices and reasons for the same;
  - iii. Major accounting entries involving estimates based on exercise of judgment by the management;
  - iv. Significant adjustments made in the financial statements arising out of audit findings;
  - v. Compliance with listing and other legal requirements relating to financial statements;
  - vi. Disclosure of any related party transactions; and
  - vii. Modified opinion(s) in the draft audit report.
6. Reviewing, with the management, the quarterly and half-yearly financial statements before submission to the Board for approval;
7. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
8. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
9. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
10. Discussion with internal auditors of any significant findings and follow up actions there on;
11. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
12. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
13. To review the functioning of the whistle blower mechanism;
14. Approval of appointment of the chief financial officer after assessing the qualifications, experience and background etc. of the candidate;
15. Approval or any subsequent modification of transactions of the company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
16. Scrutiny of inter-corporate loans and investments;
17. Valuation of undertakings or assets of the company, wherever it is necessary;
18. Evaluation of internal financial controls and risk management systems; and

The Audit Committee also reviews the following information:

1. Management's discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the chief internal auditor;
6. Statement of deviations:
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI LODR Regulations.
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI LODR Regulations.

#### Audit Committee Meetings

Audit Committee meetings are held at least four times a year and the time-gap between two meetings is not more than 120 days, which is in compliance with Regulation 18(2) of the SEBI LODR Regulations. During the year, four Audit Committee meetings were held, viz. on 26<sup>th</sup> May, 2016, 11<sup>th</sup> August, 2016, 10<sup>th</sup> November, 2016 and 9<sup>th</sup> February, 2017 and the attendance of Members at which, was as follows:

Sr No.	Name of the Member	No. of Meetings held during the director's tenure	No. of Meetings Attended
a.	Mr. Ranjal Laxmana Shenoy	4	4
b.	Ms. Sudha Ravi	4	3
c.	Mr. Mritunjay Kumar Singh	4	4
d.	Ms. Sangeeta Singh	4	4

#### (6) NOMINATION AND REMUNERATION COMMITTEE

The present constitution of the Nomination and Remuneration Committee is as follows:

Name of the Director	Designation in the committee
Mr. Arun Kumar Purwar	Chairman
Mr. Akhouri Maheshwar Prasad	Member
Mr. Basudeo N. Singh	Member
Ms. Sangeeta Singh	Member

#### Brief Terms of reference of the Nomination and Remuneration Committee:

- (a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- (b) Formulation of criteria for evaluation of independent directors and the Board;
- (c) Devising a policy on Board diversity;
- (d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- (e) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (f) Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (g) Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

#### Nomination and Remuneration Committee Meetings

During the year, Nomination and Remuneration Committee met once on 26<sup>th</sup> May, 2016, and the attendance of the Members was as under:

Sr No.	Name of the Member	No. of Meetings held during the director's tenure	No. of Meetings Attended
a.	Mr. Arun Kumar Purwar	1	1
b.	Mr. Akhouri Maheshwar Prasad	1	0
c.	Mr. Basudeo N. Singh	1	1
d.	Ms. Sangeeta Singh	1	1

#### Evaluation of Performance of Board and Directors

Pursuant to the provisions of Section 134(3)(p) and Schedule IV of the Act read with Regulations 17 of the SEBI LODR Regulations and the guidance note on Board Evaluation issued by Securities and Exchange Board of India (SEBI), the Board has conducted a formal evaluation process of its performance during the year as well as that of its committees, the individual Directors, Chairman and the Independent Directors.

In a separate meeting, the Independent Directors assessed the executive directors on the basis of the contributions made by such Directors in the achievement of business targets, development and successful execution of the business plans, their management of relationship with the Members of the Board of Directors (the "Board") and management personnel as well as creating a performance culture to drive value creation.

The Board as a whole was assessed by Independent Directors after taking inputs from other Directors and stakeholders and considering the diversity, composition of the Board, frequency of meetings, qualification mix, regulatory compliances, corporate culture, values and interaction with the management etc.

The Non-Executive Chairman of the Company was assessed by the Independent Directors on the basis of his contribution in the growth of the Company by his strategic directions on the expansion, diversification and business

plans as well as successful execution of business plans and managing the relationship with the members of the Board and management.

The Independent Directors were assessed by the entire Board of Directors excluding the director being evaluated after taking into account their objective independent judgement on the Board deliberations, overall contribution and engagement in the growth of the Company, their active role in monitoring the effectiveness of Company's Corporate Governance practices and adherence to the Code of Conduct etc.

The Board evaluated the performance of Committees after considering the composition, regularity of meetings, independence of the Committee from the Board, their contribution to the effective decisions of the Board etc.

Based on the evaluation, we expect the Board to continue to play a constructive and meaningful role in creating value for all the stakeholders in the ensuing years.

## (7) REMUNERATION OF DIRECTORS

### (a) Details of the Pecuniary relationship or transactions of the Non-Executive Directors of the Company:

The Non-Executive Directors are paid remuneration by way of Commission and Sitting Fees. The details of remuneration paid to Non-Executive Directors for the financial year 2016-17 are as under:

Name	Sitting Fees	Commission	₹ in Million	
			Other Perquisites	Total
Mr Samprada Singh	-	140.5	-	140.5
Mr Ranjal Laxmana Shenoy	0.3	1.0	-	1.3
Mr Arun Kumar Purwar	0.2	1.0	-	1.2
Mr Akhouri Maheshwar Prasad	0.1	1.0	-	1.1
Mr Mangaldas Chhaganlal Shah	0.2	1.0	-	1.2
Ms Sudha Ravi	0.2	1.0	-	1.2
Ms Sangeeta Singh	0.2	1.0	-	1.2

- The Commission payable to the Non-Executive Directors is decided by the Board of Directors of the Company within the limits stipulated by the Special Resolution passed at the Extra Ordinary General Meeting of the Members held on 16<sup>th</sup> March, 2015.
- Except reimbursement of expenses, dividend on Equity Shares held, if any, by the Non-Executive Directors, and the amount of sitting fees and commission as stated above no other payments have been made or transactions of a pecuniary nature have been entered into by the Company with the Non-Executive Directors.

### (b) Criteria of making payments to Non- Executive Directors (NEDs)

The NEDs play a crucial role to the independent functioning of the Board. NEDs bring in external and wider perspective to the decision-making by the Board. They provide leadership and strategic guidance, while maintaining objective judgment. The NEDs also help the Company

in ensuring that all legal requirements and corporate governance are complied with and well taken care of.

The responsibilities and obligations imposed on the NEDs have increased manifold in the recent years on account of a number of factors, including the growth in the activities of the Company and the rapid evolution arising out of legal and regulatory provisions and requirements.

#### Remuneration to the NEDs:

##### Sitting fees

Non-executive directors are paid a sitting fee of ₹ 20,000/- for every meeting of the Board and/or committee thereof attended by them.

##### Commission

Pursuant to the resolution passed by the shareholders of the Company on 16<sup>th</sup> March, 2015, the Board of Directors is authorised to pay commission to the NEDs and Independent Directors subject to a maximum limit of 2% of the net

profits of the Company for each financial year. The said commission is decided each year by the Board of Directors and distributed amongst the Non-Executive/ Independent Directors based on their attendance and contribution to the Board and Committee meetings as well as time spent on operational matters other than at meetings.

Apart from sitting fees and commission referred to above and reimbursement of travelling and stay expenses for

their attending the Board and committee meetings, no payment by way of bonus, pension, incentives etc. is made to any of the NEDs.

**(c) Details of Remuneration to Executive Directors:**

The Executive Directors are paid remuneration in accordance with approval of the Board and shareholders and is subject to the limits prescribed under the Act and Remuneration Policy of the Company.

**Details of remuneration paid to the Executive Directors during the financial year 2016-17 are as follows:**  
(₹ In Million)

Terms of Remuneration	Name of Directors				
	Mr. Basudeo N. Singh	Mr. Dhananjay Kumar Singh	Mr. Sandeep Singh	Mr. Balmiki Prasad Singh	Mr. Mritunjay Kumar Singh
Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	82.8	30.8	30.8	24.6	30.8
Value of perquisites u/s 17(2) of the Income Tax Act, 1961	3.5	2.9	1.2	1.7	0.2
Commission	42.5	-	-	-	-
Others (Perquisites and Employer Contribution)	9.2	1.2	1.2	0.9	1.2
Performance Linked Incentive	-	-	-	-	-
<b>Total</b>	<b>138.1</b>	<b>34.9</b>	<b>33.1</b>	<b>27.2</b>	<b>32.2</b>

**Service Contracts, Severance Fees and Notice Period**

The appointment of the Executive Chairman, Joint Managing Directors and other Executive Directors is subject to the provisions of the Act and is governed by the Articles of Association of the Company and the Resolution passed by the Board of Directors and Members of the Company which cover the terms and conditions of such appointment.

In terms of the Articles of Association, Managing Director(s) / Executive Director(s) shall be subject to the provisions of any contract between him and the Company and also subject to the same provisions as to resignation and removal as the other Directors of the Company. If he ceases to hold the office of a Director he shall ipso facto and immediately cease to be a Managing Director(s) / Executive Director(s), and vice versa. There is no separate provision for payment of severance fee under the resolutions governing the appointment of Executive Chairman, Joint Managing Directors and other Executive Directors.

**Employee Stock Option Scheme**

The Company does not have any Employee Stock Option Scheme for its Directors and Employees.

**(8) STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The present constitution of the Stakeholders' Relationship Committee is as follows:

Name of the Director	Designation in the committee
Mr. Ranjal Laxmana Shenoy	Chairman
Mr. Dhananjay Kumar Singh	Member
Mr. Sandeep Singh	Member
Mr. Akhouri Maheshwar Prasad	Member

Mr. Manish Narang, President - Legal and Company Secretary was appointed as a Compliance Officer of the Company under Regulation 6 of SEBI LODR Regulations.

**Terms of reference of Stakeholders' Relationship Committee**

- Considering and resolving the grievances of security holders of the Company, including complaints related to transfer of shares, non-receipt of Annual Reports, non-receipt of declared dividends, Annual Reports of the Company or any other documents or information to be sent by the Company to its shareholders etc.
- Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- Giving effect to all transfer/transmission of shares and debentures, dematerialization of shares and rematerialization of shares, split and issue of duplicate/ consolidated share certificates, allotment and listing of shares, buy back of shares, compliance with all the requirements related to shares, debentures and other securities from time to time;
- Oversee the performance of the registrars and transfer agents of the Company and to recommend measures for overall improvement in the quality of investor services and also to monitor the implementation and compliance of the code of conduct for prohibition of insider trading pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, and other related matters as may be assigned by the board of directors; and

- (e) Carrying out any other function as prescribed under the SEBI LODR Regulations.

#### Stakeholders' Relationship Committee Meetings

During the year, Stakeholders' Relationship Committee met four times on 26<sup>th</sup> May, 2016, 11<sup>th</sup> August, 2016, 10<sup>th</sup> November, 2016 and 9<sup>th</sup> February, 2017 and the attendance of the Members was as under:

Sr No.	Name of the Member	No. of Meetings held during the director's tenure	No. of Meetings Attended
a.	Mr. Ranjal Laxmana Shenoy	4	4
b.	Mr. Dhananjay Kumar Singh	4	4
c.	Mr. Sandeep Singh	4	4
d.	Mr. Mangaldas Chhaganlal Shah <sup>#</sup>	4	4

<sup>#</sup>Member upto 17<sup>th</sup> May, 2017.

#### Investor Complaints

4 complaints remained unresolved during the beginning of financial year 2016-17. During the financial year ended 31<sup>st</sup> March, 2017, 48 complaints were received from investors, and all the 52 complaints were attended/resolved.

### (9) RISK MANAGEMENT COMMITTEE

The present constitution of the Risk Management Committee is as follows:

Name of the Director	Designation in the committee
Mr. Dhananjay Kumar Singh	Chairman
Mr. Sandeep Singh	Member
Mr. Mritunjay Kumar Singh	Member
Ms. Sudha Ravi	Member
Dr. Dheeraj Sharma	Member

#### Terms of reference of Risk Management Committee

- Laying down risk assessment and minimization procedures and the procedures to inform Board of the same;
- Framing, implementing, reviewing and monitoring the risk management plan for the Company; and
- Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Risk Management Committee.

### (10) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The present constitution of the Corporate Social Responsibility committee of the Company is as follows:

Name of the Director	Designation in the committee
Mr. Ranjal Laxmana Shenoy	Chairman
Mr. Dhananjay Kumar Singh	Member
Mr. Sandeep Singh	Member
Mr. Balmiki Prasad Singh	Member

#### Brief Terms of reference of the Corporate Social Responsibility Committee:

- Formulate and recommend to the Board of Directors, a "Corporate Social Responsibility Policy" which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- Review and recommend the amount of expenditures to be incurred on the activities to be undertaken by the Company;
- Monitor the Corporate Social Responsibility policy of the Company from time to time;
- Any other matter as the Corporate Social Responsibility Committee may deem appropriate after the approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

#### Corporate Social Responsibility Committee Meetings

During the year, Corporate Social Responsibility Committee met four times on 22<sup>nd</sup> April, 2016, 4<sup>th</sup> October, 2016, 20<sup>th</sup> December, 2016 and 9<sup>th</sup> February, 2017 and the attendance of the Members was as under:

Sr No.	Name of the Member	No. of Meetings held during the director's tenure	No. of Meetings Attended
a.	Mr. Ranjal Laxmana Shenoy	4	4
b.	Mr. Dhananjay Kumar Singh	4	4
c.	Mr. Sandeep Singh	4	4
d.	Mr. Balmiki Prasad Singh	4	3

**(11) GENERAL BODY MEETINGS****(i) Location and time of the last three Annual General Meetings (AGM) held are as follows:**

Year	Meeting	Location	Date	Time	Special Resolutions passed
2013-14	40 <sup>th</sup> AGM	Alkem House, Senapati Bapat Marg, Lower Parel (W), Mumbai-400013.	18 <sup>th</sup> August, 2014	11.00 A.M.	1. Re-appointment of Mr. Samprada Singh as Whole Time Director designated as Chairman. 2. Re-appointment of Mr. Basudeo N. Singh as Whole Time Director designated as Managing Director.
2014-15	41 <sup>st</sup> AGM	Mayfair Banquets, 254-C, Dr. Annie Besant Road, Worli, Mumbai – 400 030	13 <sup>th</sup> July, 2015	12.00 noon	1. Adoption of new set of Articles of Association of the Company.
2015-16	42 <sup>nd</sup> AGM	Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018.	2 <sup>nd</sup> September, 2016	10.30 A.M.	1. Approval for maintenance of the Register of Members at a place other than Registered Office of the Company. 2. Approval for increase in remuneration of Mr. Basudeo N. Singh, Executive Chairman of the Company.

**(ii) Extraordinary General Meeting (EGM)**

No Extraordinary General Meeting was held during the financial year.

**(iii) Details of Special Resolution passed through postal ballot, the person who conducted the postal ballot exercise and details of the voting pattern**

During the financial year 2016-17, no special resolution was passed through the exercise of postal ballot.

The Company passed a Special Resolution for Alteration of the Articles of Association of the Company through postal ballot on Saturday, 20<sup>th</sup> May, 2017.

**Person Conducting the Postal Ballot Exercise**

Mr. Manish Narang, President – Legal, Company Secretary & Compliance Officer was appointed as person responsible for the entire postal ballot process. CS Manish L. Ghia, Partner of M/s. Manish Ghia & Associates, Company Secretaries was appointed as the Scrutiniser for conducting the postal ballot voting process in a fair and transparent manner. CS Manish L. Ghia, Practising Company Secretary conducted the postal ballot process and submitted the report to the Company.

**Procedure followed for Postal Ballot**

1. In compliance with Regulation 44 of the SEBI LODR Regulations and Section 108, 110 and other applicable provisions of the Act read with the rules made thereunder, the Company provided electronic voting facility to all its members, to enable them to cast their votes electronically. The Company engaged the services of Central Depository Services (India) Limited (CDSL) for the purpose of providing e-voting facility. The members had the option to vote either by physical ballot or e-voting.

- The Company dispatched the postal ballot notice, dated 29<sup>th</sup> March, 2017, containing draft resolution together with the explanatory statement, postal ballot forms and self-addressed business reply envelopes to the members whose names appeared in the register of members/list of beneficiaries as on cut-off date i.e. Thursday, 13<sup>th</sup> April, 2017. The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable rules.
- The members who opted for the e-voting could vote from Friday, 21<sup>st</sup> April, 2017 at 9.00 am to Saturday, 20<sup>th</sup> May, 2017 at 5.00 pm. Members desiring to exercise their votes by physical postal ballot forms were requested to return the forms duly completed and signed, to the Scrutiniser on or before the close of business hours on Saturday, 20<sup>th</sup> May, 2017.
- The Scrutiniser submitted his report on Monday, 22<sup>nd</sup> May, 2017, after the completion of scrutiny.
- The result of the postal ballot was declared on Monday, 22<sup>nd</sup> May, 2017. The Resolution passed by requisite majority, was deemed to have been passed on the last date specified by the Company for receipt of duly completed postal ballot forms or e-voting i.e. Saturday, 20<sup>th</sup> May, 2017.
- The result of the postal ballot is available on the website of the Company at [www.alkemlabs.com](http://www.alkemlabs.com), besides being communicated to Stock Exchanges, Depository and Registrar and Share Transfer Agent.

### Details of Voting Pattern

Details of the voting pattern in respect of Special Resolution are as under:

Special Resolution	No. of votes polled	Votes cast in favour of the resolution (no. & %)	Votes cast against the resolution (no.& %)
Alteration of the Articles of Association of the Company.	10,39,69,750	10,39,69,489 (99.99%)	261 (0.00%*)

\* negligible

## (12) MEANS OF COMMUNICATION

The Company, from time to time and as may be required, communicates with its shareholders and investors through multiple channels of communications such as dissemination of information on the on-line portal of the Stock Exchanges, press releases, the Annual Reports and uploading relevant information on its website. The unaudited quarterly results are announced within forty-five days from the end of the quarter. The audited annual results are announced within sixty days from the closure of financial year as required under SEBI LODR Regulations. The aforesaid financial results are communicated to the Stock Exchanges within thirty minutes from the close of the Board Meeting at which these were considered and approved. The results are generally published in Business Standard, national daily newspaper and in Mumbai Lakshadweep, which is a regional (Marathi) daily newspaper.

The audited financial statements form part of the Annual Report which is sent to the Members within the statutory period and well in advance of the Annual General Meeting.

The Annual Report of the Company, the quarterly / half yearly and the yearly financial results and the yearly financial statements and the press releases of the Company are also disseminated on the Company's website [www.alkemlabs.com](http://www.alkemlabs.com) and can be downloaded.

The presentations on the performance of the Company are placed on the Company's website immediately after these are communicated to the Stock Exchanges for the benefit of the Institutional Investors and analysts and other shareholders. The Company discloses to the Stock Exchanges, all information required to be disclosed under Regulation 30 read with Part A of Schedule III of the SEBI LODR Regulations including material information having

a bearing on the performance / operations of the listed entity or other price sensitive information. All information is filed electronically on BSE's online Portal – BSE Corporate Compliance & Listing Centre (Listing Centre) and on NSE Electronic Application Processing System (NEAPS), on-line portal of The National Stock Exchange of India Limited.

All disclosures made to the stock exchanges are also available on the Company's website.

Facility has been provided by SEBI for investors to place their complaints / grievances on a centralized web-based complaints redressal system viz. SEBI Complaints Redress System (SCORES). The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

## (13) GENERAL SHAREHOLDER INFORMATION

- The 43<sup>rd</sup> Annual General Meeting of the Members of the Company will be held on Friday, 8<sup>th</sup> September, 2017 at 10.30 A.M. at Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018.
- Financial year: 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017.
- Dividend payment date

First Interim dividend for the financial year 2016-17 was paid on and from 28<sup>th</sup> November, 2016.

Record date for the purpose of payment of final dividend for the financial year ended 31<sup>st</sup> March, 2017 shall be 1<sup>st</sup> September, 2017.

Final Dividend on equity shares as recommended by the Directors for the year ended 31<sup>st</sup> March, 2017, when approved at the Annual General Meeting, will be paid on and from 11<sup>th</sup> September, 2017.

### (d) Due date for Transfer of Unclaimed Dividend to the Investor Education and Protection Fund (IEPF)

Year	Dividend	Date of Declaration	Due for transfer to IEPF
2015-16	Second Interim	09.03.2016	14.04.2023
2016-17	Interim	11.11.2016	13.12.2023

**(e) Listing on Stock Exchanges**

The Company's shares are listed on the following Stock Exchanges and the annual listing fees has been paid to each of such Stock Exchanges:

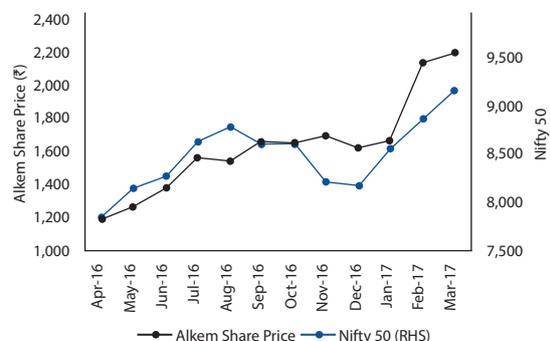
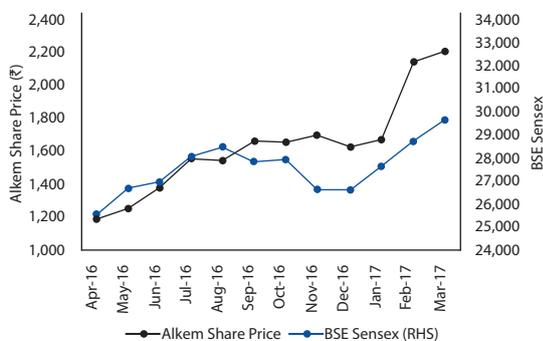
Name and Address of the Stock Exchanges	Stock Code/ Scrip Code	ISIN for NSDL / CDSL (Dematerialized shares)
BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	539523	
The National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051	ALKEM	INE540L01014

**(f) Market Price data**

Month	BSE			NSE		
	High Price (₹)	Low Price (₹)	Number of Shares Traded	High Price (₹)	Low Price (₹)	Number of Shares Traded
April 2016	1,369.00	1,182.00	3,59,834	1,369.55	1,181.00	17,51,328
May 2016	1,289.00	1,175.00	1,71,214	1,291.10	1,152.50	10,73,395
June 2016	1,435.00	1,256.00	2,46,141	1,423.75	1,258.00	22,00,028
July 2016	1,590.00	1,342.00	1,71,254	1,592.95	1,341.00	9,76,661
August 2016	1,626.00	1,478.00	1,47,003	1,626.00	1,465.00	8,27,951
September 2016	1,852.95	1,536.00	3,15,422	1,856.00	1,535.10	20,00,169
October 2016	1,760.00	1,591.00	1,75,685	1,763.00	1,588.00	10,99,808
November 2016	1,763.40	1,400.00	1,13,603	1,760.50	1,455.00	8,69,875
December 2016	1,734.85	1,535.00	98,359	1,738.00	1,519.00	7,80,396
January 2017	1,715.00	1,614.00	36,322	1,719.00	1,610.25	3,71,010
February 2017	2,187.00	1,647.30	4,25,610	2,185.00	1,647.10	18,11,194
March 2017	2,228.55	1,899.00	1,25,332	2,227.95	1,895.65	14,56,385

**(g) Performance in comparison to broad based indices**

Month	BSE		NSE	
	Alkem share price (₹)	S&P BSE Sensex	Alkem share price (₹)	Nifty 50
April 2016	1,189.50	25,606.62	1,190.95	7,849.80
May 2016	1,261.15	26,667.96	1,263.40	8,160.10
June 2016	1,378.75	26,999.72	1,384.40	8,287.75
July 2016	1,560.40	28,051.86	1,566.70	8,638.50
August 2016	1,546.30	28,452.17	1,547.75	8,786.20
September 2016	1,660.30	27,865.96	1,661.25	8,611.15
October 2016	1,658.65	27,930.21	1,656.90	8,625.70
November 2016	1,699.95	26,652.81	1,699.85	8,224.50
December 2016	1,626.60	26,626.46	1,628.65	8,185.80
January 2017	1,667.65	27,655.96	1,668.35	8,561.30
February 2017	2,144.60	28,743.32	2,141.55	8,879.60
March 2017	2,206.95	29,620.50	2,204.90	9,173.75



**(h) Registrar to an issue and share transfer agents:**

Link Intime India Private Limited, C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083 are Company's Registrar and Share Transfer Agent and their registration number is INR000004058

**(i) Share Transfer System**

Shares in physical form sent for transfer are registered and returned by our Registrar and Share Transfer Agent within 15 days of receipt of the documents, provided the documents are found to be in order.

**(j) Distribution of shareholding**

Distribution of shareholding as on 31<sup>st</sup> March, 2017

SHAREHOLDING OF NOMINAL SHARES	NO. OF FOLIOS	% OF TOTAL	TOTAL NO. OF SHARES	% OF TOTAL
1-500	66484	99.15	1915493	1.60
501-1000	258	0.38	183590	0.15
1001-2000	108	0.16	162414	0.14
2001-3000	33	0.05	81747	0.07
3001-4000	25	0.04	88101	0.07
4001-5000	13	0.02	58158	0.05
5001-10000	19	0.03	144415	0.12
Above 10000	114	0.17	116931082	97.80
<b>Total</b>	<b>67054</b>	<b>100.00</b>	<b>119565000</b>	<b>100.00</b>
<b>Physical Mode</b>	1	0.00*	1	0.00*
<b>Electronic Mode</b>	67053	99.99	119564999	99.99

\* Negligible

Shareholding Pattern as on 31<sup>st</sup> March, 2017

Category	Total Shares	Total Percent
Clearing Members	30159	0.03
Other Bodies Corporate	1600519	1.34
Financial Institutions	86173	0.07
Foreign Inst. Investor	537858	0.45
Hindu Undivided Family	195234	0.16
Mutual Funds	2941682	2.46
Non Nationalised Banks	140	0.00*
Non Resident Indians	52893	0.04
Non Resident (Non Repatriable)	24150	0.02
Public	29513445	24.69
Promoters	80077796	66.97
Trusts	1562	0.00*
Foreign Portfolio Investors (Corporate)	4503389	3.77
<b>TOTAL</b>	<b>119565000</b>	<b>100</b>

\* Negligible

**(k) Dematerialization of shares and liquidity**

About 99.99% of the Equity Shares of the Company have been de-materialized up to 31<sup>st</sup> March, 2017. During the year, five shares were dematerialized to electronic mode.

Stakeholders' Relationship Committee and the Board of Directors.

**(l) Reconciliation of Share Capital Audit**

As required by SEBI, quarterly audit of the Company's share capital is being carried out by a Practising Company Secretary (PCS) with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The PCS Certificate in regard to the same is submitted to BSE Limited and The National Stock Exchange of India Limited and is also placed before

**(m)** The Company has no outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments as on 31<sup>st</sup> March, 2017.

**(n) Foreign Currency Hedging Activities**

The Board of Directors of the Company has approved a "Foreign Currency Hedging Policy" to manage the treasury risks of the Company within its risk appetite, which is derived from the business exigency and corporate policy. The Hedging activities of the Company shall be a mix of Natural Hedges, Forwards and Options so that risk can be minimized while capturing opportunity wherever possible.

**(o) Plant locations**

1. Kachigam, Daman, India.
2. Dabhel, Daman, India.
3. Mandva, Gujarat, India.
4. Ankleshwar, Gujarat, India.
5. Baddi, Himachal Pradesh, India.
6. Kumrek, East Sikkim, India.
7. Samardung, South Sikkim, India.
8. California, U.S.A.
9. Missouri, U.S.A.
10. Indchemie Health Specialities Private Limited, Somnath, Daman, India.
11. Indchemie Health Specialities Private Limited, Amaliya, Daman, India.
12. Indchemie Health Specialities Private Limited, Baddi, Himachal Pradesh, India.
13. Indchemie Health Specialities Private Limited, Kumrek, East Sikkim, India.
14. Cachet Pharmaceuticals Private Limited, Baddi, Himachal Pradesh, India.
15. Cachet Pharmaceuticals Private Limited, South Sikkim, India.

**(p) Address for correspondence**

Alkem Laboratories Limited, Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.  
Tel No: +91 22 3982 9999; Fax No: +91 22 2495 2955

**Communication by E-mail:**

For transfer / transmission / subdivision / demat / loss of shares / dividend / general inquiries and investor grievance: [investors@alkem.com](mailto:investors@alkem.com)

**(14) DISCLOSURES****(a) Related Party Transactions**

The Company has adequate procedures for purpose of identification and monitoring of related party transactions. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. All related party transactions which were on arm's length basis in the ordinary course of business were periodically placed before the Audit Committee and the Board for review and approval, as appropriate. The details of related party transactions are discussed in notes to financial statements of this annual report. The policy on related party transaction has been placed on the Company's website and can be accessed through [http://www.alkemlabs.com/admin/Photos/Policies/84051713915915Policy\\_on\\_Related\\_Party\\_Transactions.pdf](http://www.alkemlabs.com/admin/Photos/Policies/84051713915915Policy_on_Related_Party_Transactions.pdf)

**(b) Strictures and Penalties**

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Securities and Exchange Board of India (SEBI) or by any statutory authority on any matters related to capital markets during the last three years.

**(c) Whistle Blower Policy**

The Company requires its Officers and Employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. For this purpose the Board of Directors of the Company has adopted "Whistle Blower Policy" to encourage and enable employees and volunteers of the Company to report any action or suspected action taken within the Company that is illegal, fraudulent or in violation of any adopted policy and to build and strengthen a culture of transparency and trust within the organization. The person making a report of the violation can keep his/her identity anonymous and choose to submit the violation report on a confidential basis. If an individual reasonably believes that a violation has occurred, the individual is encouraged to share his or her questions, concerns, suggestion or complaints to person designated by the Company. Specific telephone number and email ID is mentioned in the Whistle Blower policy. In addition to the above, under exceptional circumstances a complainant can complain directly to the Chairman of the Audit Committee. No personnel of the Company has been denied access to either the Designated Person or to the Audit Committee.

**(d)** No person in the Senior Management of the Company has reported any material, financial and commercial transaction, where they have any personal interest which may have any potential conflict with the interest of the Company.

**(e)** The Company has formulated Risk Management Plan and all the directors are informed about risk assessment and minimization procedures.

**(f) Subsidiary Companies**

The Company's policy on "material subsidiary" is placed on the Company's website and can be accessed through weblink [http://www.alkemlabs.com/admin/Photos/Policies/10872844231706572046Policy\\_on\\_Material\\_Subsiary.pdf](http://www.alkemlabs.com/admin/Photos/Policies/10872844231706572046Policy_on_Material_Subsiary.pdf)

**(g)** The Company does not undertake any Commodity hedging activities & there are no commodity price risks.

**(15) COMPLIANCE WITH DISCRETIONARY REQUIREMENTS**

- i. Chairman Emeritus maintains chairperson's office at the Company's expense.
- ii. Position of Chairman and Managing Director and Chief Executive Officer are separate.
- iii. Internal Auditor directly reports to the Audit Committee.

- iv. The Company's financial statement for the financial year ended 31<sup>st</sup> March, 2017 does not contain any modified audit opinion.
- v. Half yearly and quarterly financial statements are published in the newspapers and are also posted on the company's web site.

**(16)** There are no Equity Shares of the Company in the demat suspense or unclaimed suspense account.

**(17)** The Company has complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) of the SEBI LODR Regulations.

For and on behalf of the Board  
**Alkem Laboratories Limited**

**Samprada Singh**  
Chairman Emeritus  
DIN: 00760279

Date: 26<sup>th</sup> May, 2017  
Place: Mumbai

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## COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

In accordance with Regulation 26(3) and Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that the Directors and the Senior Management Personnel of the Company have confirmed compliance with the Code of Business Conduct and Ethics as on 31<sup>st</sup> March, 2017.

For **Alkem Laboratories Limited**

**Prabhat Agrawal**  
Chief Executive Officer

Date: 26<sup>th</sup> May, 2017  
Place: Mumbai

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## CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

- A. We have reviewed Standalone and Consolidated Audited Financial Statements/Results and the cash flow statement of Alkem Laboratories Limited ("the Company") for the quarter and financial year ended 31<sup>st</sup> March, 2017 and that to the best of our knowledge and belief:
  - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the quarter and financial year ended 31<sup>st</sup> March, 2017 which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
  - 1) significant changes in internal control over financial reporting during the quarter and financial year ended 31<sup>st</sup> March, 2017;
  - 2) significant changes in accounting policies during the quarter and financial year ended 31<sup>st</sup> March, 2017 and that the same have been disclosed in the notes to the financial statements; and
  - 3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours faithfully

**Prabhat Agrawal**  
CEO

**Rajesh Dubey**  
CFO

Date: 26<sup>th</sup> May, 2017  
Place: Mumbai

**INDEPENDENT AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To the Members of  
Alkem Laboratories Limited

1. This certificate is issued in accordance with the terms of our agreement dated 19<sup>th</sup> September 2016.
2. This report contains details of compliance of conditions of corporate governance by Alkem Laboratories Limited ('the Company') for the year ended 31<sup>st</sup> March 2017 as stipulated in regulations 17-27, clause (b) to (i) of regulation (2) of regulation 46 and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock Exchanges.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**OPINION**

8. 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 specified in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraphs C, D and E of Schedule V of the Listing regulations, as applicable.
9. We 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.

**MANAGEMENT'S RESPONSIBILITY FOR COMPLIANCE WITH THE CONDITIONS OF LISTING REGULATIONS**

3. The compliance of conditions of Corporate Governance is the responsibility of the Company's management including the preparation and maintenance of all relevant supporting records and documents.

**AUDITORS' RESPONSIBILITY**

4. 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.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2017.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

**RESTRICTION ON USE**

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **BSR & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Sadashiv Shetty**  
Partner  
Membership No: 048648

Mumbai  
26<sup>th</sup> May 2017

# BUSINESS RESPONSIBILITY REPORT

## INTRODUCTION

Business enterprises are seen as an integral component of the social system. They are accountable to their stakeholders not just from the perspective of revenue and profitability but also from an outlook that embraces the community and environment. Thus, it becomes vital for businesses to adopt responsible practices in the interest of the society and environment, in addition to their financial and operational performance. Furthermore, listed companies are encouraged to regularly monitor and report on their economic, social and governance performance since they have received funds from the public and are accountable to them.

On these lines, as per clause (f) of sub regulation (2) of regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the top 500 listed entities based on market capitalization on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) are required to submit as a part of their Annual Report, a 'Business Responsibility Report' describing the initiatives taken by them from an environmental, social and governance perspective.

With this Business Responsibility Report, Alkem Laboratories Limited has embarked on the journey of disclosing their non-financial performance.

- |  |   |  |
|--|---|--|
| <p><b>1 PRINCIPLE</b></p> <p><i>Businesses should conduct and govern themselves with Ethics, Transparency and Accountability</i></p>   | <p><b>2 PRINCIPLE</b></p> <p><i>Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle</i></p> | <p><b>3 PRINCIPLE</b></p> <p><i>Businesses should promote the wellbeing of all employees</i></p>   |
| <p><b>4 PRINCIPLE</b></p> <p><i>Businesses should respect the interests of, and be responsive to all stakeholders, especially those who are disadvantaged, vulnerable, and marginalized.</i></p> | <p><b>5 PRINCIPLE</b></p> <p><i>Businesses should respect and promote human rights</i></p>  | <p><b>6 PRINCIPLE</b></p> <p><i>Businesses should respect, protect, and make efforts to restore the environment</i></p>                          |
| <p><b>7 PRINCIPLE</b></p> <p><i>Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner</i></p>   | <p><b>8 PRINCIPLE</b></p> <p><i>Businesses should support inclusive growth and equitable development</i></p>  | <p><b>9 PRINCIPLE</b></p> <p><i>Businesses should engage with and provide value to their customers and consumers in a responsible manner</i></p> |

**SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

- 1 Corporate Identity Number (CIN) of the Company:**  
L00305MH1973PLC174201
- 2 Name of the Company:** Alkem Laboratories Limited
- 3 Registered address:** "Alkem House", Senapati Bapat Marg, Lower Parel, Mumbai – 400 013,  
Tel: +91 22 3982 9999
- 4 Website:** [www.alkemlabs.com](http://www.alkemlabs.com)
- 5 E-mail id:** [investors@alkem.com](mailto:investors@alkem.com)
- 6 Financial Year reported:** 2016-17
- 7 Sector(s) that the Company is engaged in (industrial activity code-wise):** Pharmaceutical products, NIC Code - 210
- 8 Three key products/services that the Company manufactures/provides (as in balance sheet):**  
We are a leading Indian Pharmaceutical Company engaged in development and sale of pharmaceutical and nutraceutical products. Our three key products are:
  - 1 Clavam
  - 2 PAN
  - 3 PAN D
- 9 Total number of locations where business activity is undertaken by the Company**  
**Number of International Locations (Provide details of major 5):**  
We have a comprehensive portfolio of over 700 brands, covering all the major therapeutic segments and a robust pan-India sales and distribution network. Apart from a strong foothold in the domestic market, we also have presence in 50 international markets. We have an extensive manufacturing footprint with a total of 16 manufacturing facilities including 14 in India and 2 in the USA.  
  
The major five locations involved in the sales operations overseas are; USA, Australia, Chile, Germany, and Kazakhstan.
- 10 Markets served by the Company – Local/State/National/ International/**  
We serve both national as well as International markets. We have been ranked amongst the top 10 pharmaceutical companies in India in terms of domestic sales for the past 13 years. Apart from our strong foothold in the domestic market, we also have presence in more than 50 countries, with USA being the key international market. Our international business contributed about 27% of our overall revenues in the financial year 2016-17 and is one of the most important growth drivers for the Company.

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

- 1 Paid up Capital (₹) – 239.1 Million**
- 2 Total Turnover (₹) - 46,684.5 Million**
- 3 Total profit after taxes (₹) - 8,831.6 Million**
- 4 Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) – ₹ 61.8 Million**  
i.e. 0.7 % of profit after tax for the financial year 2016-17.

**5 List of activities in which expenditure in (4) has been incurred:-**

Alkem is a socially responsible organisation and actively supports various causes for betterment of the society. In the reporting period, the Company has undertaken CSR initiatives in the following areas;

**Education** – Providing support through construction and renovation of schools in Taloja, Baddi and Sikkim and also promoting Vedic study at ISKCON, Kharghar.

**Sports** – Promoting and encouraging sports among youth in Sikkim and Jehanabad.

**Healthcare** – Setting up primary health centers and conducting free medical checkup camps in different parts of the country.

**Vocational training** – Providing vocational training through partnership with NGOs in Bharuch, Vidharbha and Baddi.

**Rural Development** - Construction of toilets and bathroom and providing drinking water facility at different rural areas in Sikkim, Taloja, Daman and Jehanabad.

**Environment** - Tree plantation and gardening work in MIDC Taloja and Bharuch.

For more details on our CSR Initiatives, please refer Annexure C to the Board's Report.

**SECTION C: OTHER DETAILS**

- 1 Does the Company have any Subsidiary Company/ Companies?**  
Yes, the Company has subsidiaries and details of the same can be found in the Annexure B to the Board's Report.
- 2 Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**  
Alkem Laboratories Limited has undertaken BR initiatives independently. Currently, only one subsidiary viz., Indchemie Health Specialties Private Limited participates in BR initiative through its own CSR Activities.

**3 Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

No. Other entities do not take part in the BR initiatives of the Company. However, we encourage them to follow sustainability practices in their operations. Our supplier code of conduct details our expectations from our business partners with respect to compliance related to various environmental and social norms.

**SECTION D: BR INFORMATION**

**1 Details of Director/Directors responsible for BR**

**a) Details of the Director/Directors responsible for implementation of the BR policy/policies**

<b>DIN</b>	<b>01277984</b>
Name	Mr. Sandeep Singh
Designation	Joint Managing Director
Telephone number	+91 22 3982 9999
Email ID	investors@alkem.com

**b) Details of the BR head**

<b>DIN</b>	<b>NA</b>
Name	Mr. Prabhat Agarwal
Designation	CEO
Telephone number	+91 22 3982 9999
Email ID	investors@alkem.com

**2 Principle-wise (as per NVGs) BR Policy/policies**

**(a) Details of compliance (Reply in Y/N)**

The 9 principles of the National Voluntary Guidelines are as follows;

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the well-being of all employees.
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect, protect and make efforts to restore the environment.
P7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1 Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2 Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3 Does the policy conform to any national /international standards? If yes, specify? (50 words)	Y*								
4 Has the policy been approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5 Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6 Indicate the link for the policy to be viewed online?	Y+								
7 Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8 Does the company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9 Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10 Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y++								

(\*) – The policies have been developed on the lines of the 'National Voluntary Guidelines on Social, Environment, and Economic responsibilities of businesses' established by the Ministry of Corporate Affairs, Government of India in 2011.

(+) – All the policies are available for employees to view on the company's intranet. For external stakeholders wishing to view the policies, a request can be emailed to the Compliance Officer.

(++) - The policies are currently evaluated internally and would be subjected to external audits as applicable.

**2b. If answer to S.No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options) – Not Applicable**

### 3 Governance related to BR

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

The Board of Directors review the BR performance of the Company on an annual basis.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

This is the Company's first Business Responsibility Report which can be viewed at <http://www.alkemlabs.com/annual-reports>. Henceforth the BR Report shall be published annually along with the Annual Report.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### 1 PRINCIPLE

#### BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

Good corporate governance has always been a priority at Alkem Laboratories Limited. We constantly work towards maximizing the long term value for shareholders through our business practices. Principles such as integrity, safety of employees, transparency in decision making process, fair and ethical dealings with all our stakeholders are of great importance to us. We are committed to enforcing these principles in our daily activities by framing applicable policies and ensuring their effective implementation.

Our business is built on the foundation of personal integrity and we are dedicated to honesty, quality, responsibility, compassion, fairness, respect, adaptability and gratitude in all our endeavors. In order to facilitate transparent communication with our investors and to address their grievances, a platform has been provided for communication with our compliance officer on our website.

#### Board of Directors:

The Board of Directors and its committees assume the task of overseeing the overall performance of the Company.

Table 1: Composition of Board of Directors

Category	Name of Directors
Promoter, Non-Executive and Non-Independent Director	Mr. Samprada Singh (Chairman Emeritus)
Promoter Executive Directors	Mr. Basudeo N. Singh (Executive Chairman) Mr. Dhananjay Kumar Singh (Joint Managing Director) Mr. Sandeep Singh (Joint Managing Director) Mr. Mritunjay Kumar Singh (Executive Director) Mr. Balmiki Prasad Singh (Executive Director)
Non-Executive Independent Directors	Mr. Arun Kumar Purwar Mr. Ranjal Laxmana Shenoy Mr. Akhouri Maheshwar Prasad Mr. Mangaldas Chhaganlal Shah* Ms. Sangeeta Singh Ms. Sudha Ravi Dr. Dheeraj Sharma**

\*resigned w.e.f 17.05.2017.

\*\*appointed w.e.f. 26.05.2017

- 1 Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?**

Yes. In order to ensure the highest degree of ethics at Alkem Laboratories Limited, we have in place the 'Code of Ethics for Employees' and 'Code of Business Conduct and Ethics for Directors and Senior Management' which provides guidelines for ensuring ethical behavior in all spheres of business. We have also developed a separate Code of Ethics for our Suppliers, Vendors and other Stakeholders and encourage them to follow ethical practices throughout their operations.

- 2 How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

Our Whistle Blower Policy enables employees and volunteers of the Company to report any action or suspected action taken within the Company that is illegal, fraudulent or in violation of any adopted policy of the Company.

One complaint was received from an employee of the Company based in Chennai, against the Regional Manager, District Sales Manager, and Zonal Sales Manager of that region, for their alleged unethical behavior.

SBU Head and the Head of Internal Audit met with the complainant and on discussion found that no documentary evidence was available with him to substantiate the allegation.

Based on the facts and discussion with the Audit Committee members, the case was disposed off during the financial year 2016-17.

## 2 PRINCIPLE

### **BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE**

At Alkem Laboratories Limited, we aim to incorporate environment-friendly practices throughout the life-cycle of our products. In order to minimize the environmental impact of our products during the manufacturing phase, we work towards conserving resources, minimizing air emissions, investing in clean energy, and much more. Our manufacturing facilities are ISO 14001 and OHSAS 18001 certified. We have a well-defined process for identification of environmental risks as well as processes/strategies to aid in their mitigation.

**1. List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.**

Being in the pharmaceutical industry, our products by design, cater to people in need of medical treatment. Following are the three products which address social concerns:

- i Zupiros (Rosuvastatin) for reducing Cholesterol and control of dyslipidemia, one of the rising concerns.
- ii. Donep (Donepezil) for the treatment of Alzheimer disease, a chronic progressive neurological disease characterized by dementia.
- iii. Pan (Pantoprazole) an Anti-Ulcer Drug for treatment of hyperacidity and other acid peptic disorders.

**2. For each product, provide the following details in respect of resources (energy, water, raw material etc.) per unit of product.**

**(i) Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?**

**(ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

Since we are involved in the mass production of medicines, we measure our resource consumption on the basis of batches produced, rather than individual units, as it is more feasible for us to do so.

We are currently in a state of rapid growth where we are ramping up all aspects of our business like workforce and output. Our production levels from the previous year have greatly increased to meet our growth and as a result, our consumption of resources too has risen, though not at the same proportion.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs were sourced sustainably?**

Yes. We are committed to improving procurement and related processes without compromising on quality and regulatory compliance. We have laid down processes related to green procurement through which we are strengthening the procurement processes of raw materials, packaging materials, and finished goods. While this brings us significant cost benefits, it also reduces our resource consumption due to streamlined processes.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If Yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

As part of our green procurement initiatives, we make use of organic/bio fuels in our manufacturing facilities including wood briquettes and rice husks which make up for 80% of our inputs for production related utility requirements. These fuels are procured from nearby farmers who generate it as part of their farming activities. Through such mutually beneficial relationships, we are able to serve multiple objectives like effective disposal of waste, lesser dependency on fossil fuels for production and providing an additional source of income for the farmers through purchase of their farming-waste.

Apart from this, vendors are also qualified and approved as per quality plans and procurements in terms of a 75:25 ratio. We also attempt to engage with MSME registered vendors wherever possible.

We conduct periodic meets to educate the vendors including local vendors, on the need of revising quality standards. Process related information is provided along with a do's and don'ts list. A Corrective and Preventive Action (CAPA) list has been implemented across all the vendors to avoid repetition of errors and improvement in quality.

**5. Does the company have mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products?**

As a part of our unyielding commitment to quality, we are devoted to providing only the best products to our customers and in this regard we only use high quality raw materials. We ensure that no waste/rejected batch materials are returned to the production process and also take extreme care to ensure that the waste generated is sent through proper channels for incineration as these are mostly bio-medical waste and requires appropriate disposal mechanisms.

We also have systems in place to handle the waste water generated in our facilities. After treating the waste-water generated, we re-use the same for multiple purposes like gardening and cleaning, within the factory premises.

**3 PRINCIPLE**

**BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES**

Employee satisfaction and engagement is crucial to reducing attrition rates, improving productivity, and increasing workplace efficiency. By keeping employees motivated, we are able to retain the best talent which translates into better business. Our employees' happiness and satisfaction remains a top priority for us and our vision is to create a working environment that facilitates their personal well-being while also meeting our Company's business needs. We are committed to providing equal opportunities to all our employees and protecting them against any discrimination on the basis of gender, race, ethnicity, age, religion or any other characteristics. We provide our employees with opportunities to learn and apply the business concepts in day-to-day practice, thus enriching their skills. Our incentive plan is designed to recognize efforts, reward results, foster a spirit of consistency, and drive healthy competition. Various learning & development initiatives have also been undertaken at Alkem Laboratories Limited such as the following:

1. Capsule Induction Programme (CIP) for newly joined Marketing Executive (ME)
2. Basic Training Programme for MEs completing CIP within few months of joining
3. Refresher Programmes for MEs who have completed 12 months in the Company
4. Manager Orientation Programme for newly promoted/joined managers
5. Manager Development Programme for existing managers to cater to their specific divisional needs
6. Team Building Workshop for enhancing team co-ordination and performance

7. Outbound training for behavioural awareness and team development
8. Supervisory Skills training to provide role clarity and enhance skills of Supervisors.

MDP (Manager Development Programme) are conducted for executives with high potential to encourage and endow them with the skills required for future leadership positions. This year many senior and high potential executives were sponsored by the Company for participation in MDP conducted by The Indian Institute of Management, Ahmedabad (IIMA).

Apart from the above initiatives, we also have in place various policies for the wellbeing of employees which cover matters like providing equal employment opportunities, maintaining work-life balance, easing the joining and retirement process, etc.

We make it a point to ensure the employees remain highly motivated and we recognize their efforts through the following awards:

- 1 **Star Awards:** Star Awards are a platform where the Company recognizes its best performers and incentivizes them by taking them for a fully paid international recreational trip. The employees are carefully chosen after a robust selection process and are awarded at the eagerly awaited 'Star Awards Night'.
- 2 **Service Awards:** We have launched the Service Awards as a means of thanking our committed employees and recognizing their contribution for their period of service. With their contribution, Alkem Laboratories Limited has achieved excellence in business and become a sustainable organisation over the years. Employees who have completed tenure milestones (such as 3, 5, 10 years) have been felicitated with certificates, mementos and gift vouchers.
- 3 **Applaud Awards:** These awards are aimed at recognizing, celebrating and motivating the exceptional contribution made to building brands at Alkem Laboratories Limited. Brands across the multiple therapy areas are evaluated by a jury on various parameters and the most promising brands are chosen in multiple categories.
- 4 **Alkem Premier League:** Ending each year with a bang, the APL (as it is fondly known) is greatly looked forward to by employees wishing to don their batting helmets and cricket bats. For one weekend, teams compete in the spirit of sportsmanship to be the best.

**Addressing employee grievances**

At Alkem Laboratories Limited, we have an Internal Complaints Committee constituted by the management to consider and redress complaints of sexual harassment. Our policy on prevention of sexual harassment has been designed to provide guidance to all employees and create an environment

free from all forms of sexual harassment. Employees are also informed about the various forms of sexual harassment, and the procedures for reporting such incidences. For effective resolution of such cases, there is a Central Committee at the Head Office as well as committees at every location.

### Performance Management System

We have introduced an online Performance Management System (e-PMS) through which employees can set their goals, organize mid-year and year-end reviews of goals, share performance and behavioural feedback. Apart from goal setting and self and manager evaluation, we also encourage colleagues to provide feedback; the system requires developmental feedback from the manager. These multi-dimensional inputs are then incorporated into the performance discussion that is done between the manager and the employee.

### Benefits provided to employees

- **Medical insurance** – Alkem Laboratories Limited provides free medical insurance to employees, their spouse, and children. Employees can pay a subsidized premium for covering their parents. Employees also have an option of increasing their coverage to cover additional procedures.
- **National Pension Scheme** – Alkem Laboratories Limited has registered with the PFRDA (Pension Fund Regulatory and Development Authority) for NPS (National Pension Scheme) and encourages employees to plan for their retirement and avail the tax benefit through this defined contribution scheme.
- **Car lease** – Employees can avail of a leased car to ease their commute to the workplace.
- **Retiral benefits** – Alkem Laboratories Limited provides the statutory retiral benefits of Provident Fund and Gratuity. These safeguard the employees' future post their retirement.
- **Leave** – The leave policy at Alkem Laboratories Limited is very benevolent with employees being granted 38 days of leave in a year. They can carry forward and encash unutilized leave.

#### 1 Please indicate the total number of employees.

As on 31<sup>st</sup> March, 2017, there are 11,958 employees in the organization.

#### 2 Please indicate the total number of employees hired on temporary/contractual/casual basis.

We have 2199 employees hired on temporary/contractual/casual basis.

#### 3 Please indicate the number of permanent women employees.

We have 329 women employees as on 31<sup>st</sup> March, 2017.

#### 4 Please indicate the number of permanent employees with disabilities

As on 31<sup>st</sup> March, 2017, we do not have any employee with disabilities.

#### 5 Do you have an employee association that is recognized by management?

There are no employee associations in the organization.

#### 6 What percentage of your permanent employees is members of this recognized employee association?

This is not applicable

#### 7 Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sr. No.	Category	No of Complaints filed during the financial year	No of complaints pending as on end of this financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	1	Nil
3	Discriminatory employment	Nil	Nil

#### 8 What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Category	Skill upgradation training	Safety training
Permanent employees (including women employees)	56%	14%
Average hours of training provided	2,40,416	4,390

## 4 PRINCIPLE

**Businesses should respect the interests of, and be responsive to all stakeholders, especially those who are disadvantaged, vulnerable, and marginalized.**

Our stakeholders are important to us as they are crucial to our long-term growth and existence. We recognize the importance of identifying and engaging with them as it helps us build our strategies, keeping in mind their concerns and feedback.

#### 1. Has the company mapped the internal and external stakeholders?

Yes. We have identified employees as our internal stakeholders and Customers, Suppliers, Regulatory Bodies, NGOs we work with, Communities we work around and Investors as our external stakeholders.

**2. Out of the above has the company identified the disadvantaged, vulnerable and marginalized stakeholders?**

Effective engagement with stakeholders involves identifying and classifying them as per their relation to the organization. What is also important is identifying those stakeholders who are less-fortunate than others and who require more support. These come from vulnerable and marginalized sections of society as well as drought-hit areas.

Stakeholder	Areas of concern addressed
Farmers	Conducted vocational training for farmers at Vidharbha, Maharashtra.
Women	Stitching training given to women in Bharuch and Baddi and conducted free breast cancer detection camps in Maharashtra and Daman. We also provided 380 health kits at various Anaganwadi centres of Jehanabad, Bihar.
Patients	Sponsored spine surgery of 26 underprivileged patients. Constructed a Primary Health Centre (PHC) and distributed medicines at Sikkim and Baddi. Provided ambulance facility in Taloja, Jehanabad and Daman. Renovation of Hospital in Sikkim and conducted various types of health camps and awareness programs and treatment of diseases in different parts of the country.
Children	Sponsored hearing implants and rehabilitation of inborn deaf children.
Local Communities around Company's operations	Provided facilities for good quality drinking water and construction of public toilets, bathrooms and sanitation facilities in Sikkim, Taloja, Daman and Jehanabad. Developed gardens in Bharuch, Taloja and Outdoor stadium in Sikkim and Jehanabad and also provided solar street lights at Bharuch.
Students	Constructed classrooms for Bhakti Vedanta at ISKCON (Kharghar). Renovated many Government schools, provided furniture like chairs, desk, table etc. to the schools and also facilitated good quality drinking water and clean bathrooms in Baddi, Sikkim and Taloja. Construction and renovation of Government schools at Taloja, Baddi and Sikkim.

**3. Are there special initiatives taken by the company to engage with disadvantaged, vulnerable and marginalized stakeholders? If so, provide details.**

We ensure to address major concerns of our vulnerable, marginalized, and disadvantaged stakeholders, especially those in the local areas of the Company's manufacturing facilities and R&D Centre, through various CSR initiatives enumerated hereinabove.

**2 How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Apart from one complaint related to sexual harassment which has been resolved, there have been no other complaints regarding violation of human rights.

**5 PRINCIPLE**

**BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS**

Alkem Laboratories Limited recognizes and appreciates that human rights are inherent, universal, indivisible and interdependent in nature. We strive to perform business in a manner that ensures human rights are protected and plays a pivotal role in eradication of child labor and forced labor. We have a policy that provides guidance to abide by all the local legislations and laws of the land.

**1 Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

Our Human Rights policy covers all employees across all grades and locations. The Code of Ethics for Suppliers, Vendors and other Stakeholders contains covenants on human rights aspect that are applicable to our Suppliers, Vendors and Contractors.

**6 PRINCIPLE**

**BUSINESSES SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT**

Environmental degradation has been a growing concern for organizations. It is our responsibility to ensure that any and all business practices carried out are done in a way that causes minimal or no impact to the environment. Our Environmental Policy lays down guidelines that govern our performance with respect to environmental parameters.

**1. Does the policy related to Principle 6 cover only the company or extend to the Group/Joint Ventures / Suppliers / Contractors/NGOs/Others?**

We are committed to protecting the environment through streamlining and refining our manufacturing processes. By employing best practices across the value chain, we reaffirm our obligation towards environmental stewardship. Our policy applies to the Company across all the offices and manufacturing locations in India and as well as overseas. The Code of Ethics for Suppliers, Vendors and other Stakeholders contains covenants on environmental aspects that are applicable to our Suppliers, Vendors and Contractors.

**2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.?**

We are cognizant of the global scenario with respect to climate change and environmental damage. Keeping in mind the harmful effects of ozone-depleting substances like R22 refrigerant gas, we have made it a practice to use only non-ozone-depleting substances like R134 and R123 in our chillers.

**3. Does the company identify and assess potential environmental risks?**

We are ISO 14001:2004 certified which helps us to identify our environmental aspects as well as their mitigation techniques / strategies. This maps out a framework that our organization can follow to set up an effective system to manage our responsibilities towards the environment.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof.**

We currently do not have any projects related to Clean Development Mechanism.

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc.**

We are active with regards to clean technology and energy efficiency. We believe that any change whether big or small can make a difference to create a better world. Some of our key initiatives are:

- Replacement of CFLs with LED lighting saving about 1800 KW energy every day (nearly 1880 CFLs replaced).
- Installation of Variable Frequency Drives (VFD) of load 60 KW and 37 KW in our utility pumps which helps in reduction in energy consumption (almost 30% reduction in energy consumption).
- Installation of solar street LEDs in our units.
- Installation of motion and level sensors which have resulted in savings of almost 25% as compared to prior installation.

**6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

We are compliant with local laws and regulations and ensure that all the waste generated at our locations is not only within the permissible limits, but is also disposed in the responsible manner through the right channels.

The waste generated up to 31<sup>st</sup> March, 2017 across our manufacturing units (Baddi, Daman, Mandva, Ankleshwar, and Sikkim) is as follows:

Type of waste generated	Quantity of waste generated in the reporting period
Waste Water Effluent (KL)	92,640.9
ETP Sludge (MT)	43.77
Process Waste (MT)	699.13

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

We take care to ensure that the emissions and waste generated by us at our various locations are well below the limits given by Central Pollution Control Board and State Pollution Control Board. There are no show cause/ legal notices received from CPCB/SPCB which are pending as on 31<sup>st</sup> March, 2017.

**7 PRINCIPLE**

**BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER**

We aspire to actively contribute to fundamental and incremental transformations in issues that matter to our business by combining our own actions with external advocacy on public policy. Through our participation, we actively work towards influencing public policy for the betterment of society.

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.**

We are active members of the following associations:

1. Indian Drugs Manufacturer’s Association (IDMA)
2. Indian Pharmaceutical Alliance (IPA)
3. Bombay Chamber of Commerce & Industry
4. Pharmaceutical Export Promotion Council of India (Pharmexcil)

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).**

We have advocated for Economic Reforms through the associations.

## 8 PRINCIPLE

**BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT**

As a responsible organization, our aim is to achieve a positive impact on society as a whole while maximizing the creation of shared value for the business, the employees, shareholders and members of the community.

Our contribution to society extends beyond providing medical support through our drugs. Our CSR team in association with NGOs carry out a variety of activities and programs that contribute to different sections of society. We look to create an impact in as many areas as possible so as to reach out to the maximum number of beneficiaries. Our spheres of activity include:

- Education
- Environment
- Vocational training
- Healthcare
- Sanitation
- Sports

**1. Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If Yes details thereof.**

**Healthcare:** We have already set up primary health centres at two different places in Himachal Pradesh and Sikkim where daily medical facilities are provided free of cost. We have also joined hands with some NGOs to increase awareness among the public, particularly among women in rural and slum areas across the country about diseases like cancer, neurological disorders, and hearing impairment while also providing a free checkup and treatment facilities for these diseases.

**Education:** We have supported many schools in different parts of Himachal Pradesh and Sikkim. The aid extended includes construction and renovation of class rooms and school buildings, providing furniture, and supporting other needs for promoting and encouraging education.

**Environment:** We are committed to conserving natural resources and maximizing the use of renewable energy resources. In this pursuit, we have installed solar lights on many streets of Gujarat. We have also held tree plantation drives to protect the environment.

**Rural Development:** A large population of India resides in the villages. Most of the villages do not have adequate basic infrastructure like water, sanitation facilities, health care centres etc. We have taken this opportunity to provide hygienic drinking water, build toilets and develop primary health centres in rural and hilly areas of Sikkim, Maharashtra, Gujarat, and Himachal Pradesh for improving the health of villagers and reducing the spread of diseases.

**Vocational Training:** We have joined hands with Fulora Foundation in providing vocational training for youth comprising of the wards of people who have committed suicide as well as youth from drought-affected villages of Beed (Maharashtra) and developed "Silai Siksha Kendra" in Baddi (H.P) and Naugama (Gujarat). They shall impart training in needlework to increase their employability and ensure a better future.

**Sports:** For promoting and encouraging sports among youths in rural and hilly areas, we have constructed a sports club in Namchi, Sikkim and renovated the outdoor Stadium of Jehanabad, Bihar.

**2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**

We collaborate with foundations whenever feasible so as to work hand in hand and make use of their expertise in being able to deliver truly efficient and satisfactory programs. Based on the feasibility, we also carry out some initiatives through our in-house team.

**3. Have you done any impact assessment of your initiative?**

It is important for us to know the impact we are creating through our CSR Initiatives and work towards maximizing the same for the benefit of the community. We regularly meet with the project coordinators and external agencies to assess the impact of our CSR projects.

**4. What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken?**

Area of development	Amount contributed in (Million ₹)	Details of the initiative or the project
Education	7.7	Construction and renovation of various schools in rural areas and promoting Vedic study.
Environment	0.9	Tree plantation and gardening work at Baddi, Gangtok, Daman, MIDC Taloja and Kharchi (Gujarat).
Vocational training	1.5	Stitching training provided for women at Baddi and Naugama (Gujarat) and training to Farmers at Vidharbha (Maharashtra).
Healthcare and Sanitation	48.2	Free checkup camps, awareness programs and other activities related to healthcare of different types of diseases in partnership with different NGOs. Construction of toilets and bathroom and providing drinking water facility at different rural areas.
Sports	3.5	Promoting sports in rural areas (Jehanabad and Namchi, Sikkim).

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

All our initiatives are planned, monitored and evaluated in partnership with the communities. We also maintain all relevant documents, collect records and photographs of the activities related to all the projects for timely and accurate evaluation of the project.

consistent performance through continual improvement and incorporation of customer concerns. In order to facilitate transparent communication with our customers, we have provided multiple channels to receive their feedback and complaints regarding product performance and responsibility.

**9 PRINCIPLE**

**BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER**

We realize the scale of influence we can have on our customers and we strive to engage with them in a responsible manner. We are concerned with the safe management of our products throughout the lifecycle and are committed to reducing the inherent risks associated with their use. This is ensured by making factual and truthful disclosure of information during labelling and branding of our products. We practice responsible branding of our products so as to protect the freedom of choice and avoid misleading the consumers.

Our policy on product responsibility provides guidance for appropriate communication on safe handling and proper disposal of products to all stakeholders so as to minimize the harm caused to the environment. We strive to showcase

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

One complaint has been filed before the Honorable District Consumer Forum, Alwar, Rajasthan. The matter is currently pending in the forum.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

Yes. We are committed to providing product information over and above that what is mandated by law to inform and educate the customers on product composition, use and disposal. The product package provides information on the content, usual dosage, storage, details of the manufacturer and dates of manufacture and expiry. Under the policy on Business Communication, Alkem Laboratories Limited is committed to abiding by the norms of the Central Drug Standard Control Organisation.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so**

The Competition Commission of India ("CCI") by an Order dated 1<sup>st</sup> December, 2015 imposed a pecuniary penalty of ₹ 746.3 Million on Alkem Laboratories Limited, alleging anti-competitive practices under the Competition Act. An appeal was filed before the Competition Appellate Tribunal ("COMPAT") against the CCI order and the CCI Order was set aside on merit on 10<sup>th</sup> May, 2016. The CCI in exercise of its legal rights preferred the final appeal before the Supreme Court of India on 16<sup>th</sup> August, 2016, against the Order of the COMPAT and got the matter admitted.

The Order of the COMPAT has not been stayed by the Supreme Court of India hence the status quo of "no liability" against Alkem Laboratories Limited continues as on date and the matter is still pending resolution.

During the financial year 2016-17, there is no case filed by any stakeholder against the company regarding irresponsible advertising.

**4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

Our products are prescribed and recommended to the patients (consumers) by medical professionals. As the customers exercise little to no power in choosing the drugs, especially from the specialty category, we do not conduct any consumer survey.

# INDEPENDENT AUDITOR'S REPORT

To the Members of

**Alkem Laboratories Limited**

## **Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of Alkem Laboratories Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

### **Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone Ind AS 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 thereunder.

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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 standalone Ind AS 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 Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.
- (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 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 standalone Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2017;
  - iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 3.43 to the standalone Ind AS financial statements.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Sadashiv Shetty**

Partner

Membership No: 048648

Mumbai  
26 May 2017

# ANNEXURE - A

## to the Independent Auditors' Report – 31 March 2017

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, a portion of the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, as disclosed in Note 3.1 to the standalone Ind AS financial statements, are held in the name of the Company
- (ii) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In respect of inventory lying with third parties at the year-end, written confirmations have been obtained. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act during the year. The Company has complied with the provisions of Section 186 of the Act, with respect to the investments made, loans, guarantees given to subsidiaries and securities given in respect of loan taken by the subsidiaries.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section 1 of section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income-tax, sales tax, service tax, duty of customs, duty of excise and value added tax as at 31 March 2017 which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Enclosure I to this report.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company does not have any loans or borrowings from financial institutions or Government, nor has it issued any debentures during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the provisions of Sections 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **BSR & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Sadashiv Shetty**  
Partner  
Membership No: 048648

Mumbai  
26 May 2017

## Enclosure I to Annexure A to the Independent Auditors' Report – 31 March 2017

Name of the Statute	Nature of dues	Amount under dispute (₹ in millions)	Amount paid under protest (₹ in millions)	Financial year / year (s)	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty and Penalty	173.2	14.3	2003-2014	CESTAT
Central Excise Act, 1944	Excise Duty and Penalty	3.5	2.2	2012-2017	Commissioner of Central Excise (Appeals)
Maharashtra VAT Act, 2002	Value Added Tax	6.4	3.5	2003-2005	Appeallate Tribunal
Maharashtra VAT Act, 2002	Value Added Tax	296.8	8.3	2008-2011	Joint Commissioner of Sales Tax (Appeals)
West Bengal VAT Act, 2003	Value Added Tax	9.0	1.3	2010-2013	Senior Joint Commissioner of Commercial Tax
Bihar VAT Act, 2005	Value Added Tax	13.4	3.2	2010-2012	Joint commissioner Commercial Taxes (Appeals)
Bihar VAT Act, 2005	Value Added Tax	66.5	13.3	2009-13	Deputy Commissioner, Special Circle
Uttar Pradesh VAT Act, 2008	Value Added Tax	3.6	1.8	2012-2013	Joint commissioner of Commercial taxes -Circle -I
Odisha VAT Act, 2004	Value Added Tax	0.5	0.0*	2012-2014	Commissioner of Commercial Taxes
Gujarat VAT Act, 2003	Value Added Tax	0.1	-	2006-2007	Commissioner of Commercial Taxes Gujarat
Odisha Entry Tax Act, 1999	Entry Tax @	0.2	0.0**	2012-2014	Commissioner of Commercial Taxes
Central Sales Tax Act, 1956	Central Sales Tax	349.7	0.1	2009-2011	Joint Commissioner of Sales Tax (Appeals)
Central Sales Tax Act, 1956	Central Sales Tax #	0.4	0.0***	2012-2014	Commissioner of Commercial Taxes
Income Tax Act, 1961	Income Tax	6.1	-	2001-2012	Commissioner of Income Tax (Appeal)

\* ₹ 34,961

\*\* ₹ 10,130

\*\*\* ₹ 25,254

## Annexure B to the Independent Auditor's Report – 31 March 2017 on Standalone Ind AS Financial Statements

### 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 Alkem Laboratories Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone Ind AS 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 judgement, 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls 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 31 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 **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Sadashiv Shetty**

Partner

Membership No: 048648

Mumbai

26 May 2017

# BALANCE SHEET

as at 31 March 2017

Particulars	Note No.	(₹ in million)		
		As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>I. ASSETS</b>				
<b>1 Non-current assets</b>				
(a) Property, plant and equipment	3.1	11,032.1	8,470.7	8,382.1
(b) Capital work in progress	3.1	2,184.4	1,465.5	958.9
(c) Intangible assets	3.1	224.2	276.1	322.5
(d) Financial assets				
(i) Investments	3.2	12,412.3	8,847.5	10,159.3
(ii) Loans	3.3	404.4	1,386.4	935.6
(iii) Other financial assets	3.4	2,915.5	1,910.4	4,652.1
(e) Deferred tax assets	3.7C	5,910.0	4,093.9	3,870.7
(f) Other tax assets (net)	3.7D	269.9	404.2	529.6
(g) Other non-current assets	3.5	1,102.1	575.4	250.5
<b>Total non-current assets</b>		<b>36,454.9</b>	<b>27,430.1</b>	<b>30,061.3</b>
<b>2 Current assets</b>				
(a) Inventories	3.6	8,587.6	5,900.3	5,482.4
(b) Financial assets				
(i) Investments	3.2	2,764.1	2,729.2	618.6
(ii) Trade receivables	3.8	6,333.2	4,804.4	3,750.0
(iii) Cash and cash equivalents	3.9	199.9	74.7	249.5
(iv) Bank balances other than (iii) above	3.10	1,790.7	5,165.6	6,083.6
(v) Loans	3.3	144.9	82.0	65.2
(vi) Other financial assets	3.4	415.1	636.8	304.7
(c) Current tax assets (net)	3.7D	214.6	-	-
(d) Other assets	3.11	2,060.3	1,401.0	1,191.9
(e) Assets held for sale	3.46	18.2	-	-
<b>Total Current assets</b>		<b>22,528.6</b>	<b>20,794.0</b>	<b>17,745.9</b>
<b>TOTAL ASSETS</b>		<b>58,983.5</b>	<b>48,224.1</b>	<b>47,807.2</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>1 Equity</b>				
(a) Equity share capital	3.12	239.1	239.1	239.1
(b) Other equity		43,687.4	35,755.9	30,581.0
Total Equity		43,926.5	35,995.0	30,820.1
<b>2 Liabilities</b>				
<b>2a Non-Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	3.13	-	-	279.0
(b) Provisions	3.14	810.6	659.7	616.6
(c) Other non-current liabilities	3.15	112.9	26.5	31.0
<b>Total Non-Current Liabilities</b>		<b>923.5</b>	<b>686.2</b>	<b>926.6</b>
<b>2b Current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	3.13	3,682.3	3,506.2	10,462.8
(ii) Trade payables	3.16	6,852.4	4,665.0	3,465.3
(iii) Other financial liabilities	3.17	1,946.2	2,054.6	1,159.2
(b) Other current liabilities	3.18	613.0	420.8	306.7
(c) Provisions	3.14	1,029.4	828.1	666.5
(d) Current Tax Liabilities (net)	3.7D	10.2	68.2	-
<b>Total Current liabilities</b>		<b>14,133.5</b>	<b>11,542.9</b>	<b>16,060.5</b>
<b>Total Liabilities</b>		<b>15,057.0</b>	<b>12,229.1</b>	<b>16,987.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>58,983.5</b>	<b>48,224.1</b>	<b>47,807.2</b>
Significant Accounting Policies	2A			
Notes to The Financial Statements	3			

The accompanying notes are an integral part of these financial statements

As per our report of even date attached,

For and on behalf of the Board of Directors of Alkem Laboratories Limited  
CIN: L00305MH1973PLC174201

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

**Samprada Singh**  
Chairman Emeritus  
DIN No.00760279

**B.N. Singh**  
Executive Chairman  
DIN No.00760310

**B.P. Singh**  
Director  
DIN No.00739856

**Sadashiv Shetty**  
Partner  
Membership No. 048648

**M.K. Singh**  
Director  
DIN No.00881412

**Prabhat Agrawal**  
Chief Executive Officer

**Rajesh Dubey**  
Chief Financial Officer

**Manish Narang**  
President - Legal & Company Secretary

**P.V.Damodaran**  
Sr.VP - Business Finance

Mumbai  
Date : 26 May 2017

Mumbai  
Date: 26 May 2017

# STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2017

Particulars	Note No.	(₹ in million)	
		For the Year ended 31 March 2017	For the Year ended 31 March 2016
<b>1 Income</b>			
(a) Revenue from Operations	3.19	46,684.5	39,510.4
(b) Other Income	3.20	1,166.0	2,512.8
<b>Total Income</b>		<b>47,850.5</b>	<b>42,023.2</b>
<b>2 Expenses</b>			
(a) Cost of materials consumed	3.21	12,322.6	9,694.2
(b) Purchases of Stock-in-Trade		7,750.4	6,119.4
(c) Changes in inventories of finished goods, Stock-in-trade and work-in-progress	3.22	(2,119.2)	(340.6)
(d) Employee benefits expenses	3.23	7,222.5	6,266.3
(e) Finance Costs	3.24	236.8	586.7
(f) Depreciation and amortisation expense	3.1	764.8	735.3
(g) Other expenses	3.25	12,728.3	10,573.4
<b>Total Expenses</b>		<b>38,906.2</b>	<b>33,634.7</b>
<b>3 Profit before tax (1) - (2)</b>		<b>8,944.3</b>	<b>8,388.5</b>
<b>4 Tax expenses</b>	3.7A		
(a) Current tax		1,909.4	1,610.0
(b) Deferred tax (net)		(1,796.7)	(223.4)
Total Tax Expenses		<b>112.7</b>	<b>1,386.6</b>
<b>5 Profit for the year (3) - (4)</b>		<b>8,831.6</b>	<b>7,001.9</b>
<b>6 Other Comprehensive Income</b>			
(a) Items that will not be reclassified subsequently to profit or loss			
(i) Remeasurements of defined benefit plans	3.28	(56.1)	0.7
(ii) Tax on Remeasurements of defined benefit plans	3.7A	19.4	(0.2)
Total of Other Comprehensive Income for the period, net of tax		<b>(36.7)</b>	<b>0.5</b>
<b>7 Total Comprehensive Income for the year (5) + (6)</b>		<b>8,794.9</b>	<b>7,002.4</b>
<b>8 Earnings per share (in ₹): Face value of ₹ 2 each</b>			
Basic and diluted earnings per share	3.31	<b>73.86</b>	<b>58.56</b>
<b>Significant Accounting Policies</b>	2A		
<b>Notes to the Financial Statements</b>	3		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached,

For and on behalf of the Board of Directors of Alkem Laboratories Limited  
CIN: L00305MH1973PLC174201

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

**Sadashiv Shetty**  
Partner  
Membership No. 048648

**Samprada Singh**  
Chairman Emeritus  
DIN No.00760279

**M.K. Singh**  
Director  
DIN No.00881412

**Manish Narang**  
President - Legal & Company Secretary

**B.N. Singh**  
Executive Chairman  
DIN No.00760310

**Prabhat Agrawal**  
Chief Executive Officer

**P.V.Damodaran**  
Sr.VP - Business Finance

**B.P. Singh**  
Director  
DIN No.00739856

**Rajesh Dubey**  
Chief Financial Officer

Mumbai  
Date : 26 May 2017

Mumbai  
Date: 26 May 2017

# STATEMENT OF CASH FLOW

for the year ended 31 March 2017

	(₹ in Million )	
	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>A. Cash Flow from Operating Activities:</b>		
Profit before tax	8,944.3	8,388.5
<b>Adjustments for:</b>		
Depreciation and amortisation	764.8	735.3
Fair valuation of investments	-	12.1
Profit on sale of investments (net)	(22.8)	(18.2)
Loss on sale of fixed assets (net)	17.9	113.3
Dividend income	(0.5)	(8.3)
Income from investment in funds	-	(910.4)
Interest income	(1,074.2)	(1,351.2)
Interest expenses	236.8	533.0
Bad Debts/Advances written off	15.3	119.2
Provision for doubtful debts	22.3	147.4
Unrealised foreign currency (gain)/loss on revaluation (net)	-	(0.3)
Rent received	(24.7)	(25.3)
<b>Subtotal of Adjustments</b>	<b>(65.1)</b>	<b>(653.3)</b>
<b>Operating profit before working capital changes</b>	<b>8,879.2</b>	<b>7,735.1</b>
Changes in working capital:		
Increase in trade receivables	(1,566.4)	(1,291.6)
Increase in loans, other financial assets and other assets	(563.1)	(721.4)
Increase in inventories	(2,687.3)	(417.9)
Increase in trade payable, other financial liabilities and other liabilities	2,654.0	2,191.0
Increase in provisions	296.1	273.7
<b>Subtotal of Adjustments</b>	<b>(1,866.7)</b>	<b>33.8</b>
Cash generated from operations	7,012.5	7,768.9
Less: Income taxes paid (net of refund)	2,047.7	1,470.8
Net cash from operating activities	<b>4,964.8</b>	<b>6,298.2</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchases of property, plant and equipment	(4,602.5)	(1,706.3)
Sale of property, plant and equipment	81.2	33.4
Proceeds from sale of investments (net)	-	327.0
Purchase of Investments (net)	(418.6)	-
Proceeds from real estate fund	-	389.2
Investments in subsidiaries (net of refund of share application money received)	(2,145.2)	(594.2)
Redemption of bank deposits having maturity of more than 3 months	2,366.7	3,142.2
Dividend received	0.5	8.3
Interest received	1,074.2	1,481.1
Rent received	24.7	27.4
Net Cash (used in)/from investing activities	<b>(3,619.0)</b>	<b>3,108.1</b>

# STATEMENT OF CASH FLOW

for the year ended 31 March 2017

	(₹ in Million)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>C. Cash Flow from Financing Activities:</b>		
Repayment towards non-current borrowings (net)	(296.5)	(264.5)
Proceeds/(Repayment) from current borrowings (net)	176.1	(6,956.6)
Dividends and corporate dividend tax paid	(863.4)	(1,827.0)
Interest paid	(236.8)	(533.5)
<b>Net cash used in financing activities</b>	<b>(1,220.6)</b>	<b>(9,581.6)</b>
<b>D. Net Increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>125.2</b>	<b>(175.3)</b>
<b>E. Cash and cash equivalents as at beginning of the year (Refer Note 3.9)</b>	<b>74.7</b>	<b>249.5</b>
Add: Effect of exchange differences on cash and cash equivalents held in foreign currency	-	0.5
<b>F. Cash and cash equivalents as at end of the year (D+E) (Refer Note 3.9)</b>	<b>199.9</b>	<b>74.7</b>

## Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows"
- Purchase of Property, Plant and Equipment includes movements of capital work-in-progress (including capital advances) during the year

## Significant Accounting Policies Notes to the Financial Statements

## Note 2A Note 3

The accompanying notes are an integral part of these financial statements

As per our report of even date attached,

For and on behalf of the Board of Directors of Alkem Laboratories Limited  
CIN: L00305MH1973PLC174201

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

**Samprada Singh**  
Chairman Emeritus  
DIN No.00760279

**B.N. Singh**  
Executive Chairman  
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Director  
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**M.K. Singh**  
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Chief Executive Officer

**Rajesh Dubey**  
Chief Financial Officer

**Manish Narang**  
President - Legal & Company Secretary

**P.V.Damodaran**  
Sr.VP - Business Finance

Mumbai  
Date : 26 May 2017

Mumbai  
Date: 26 May 2017

# STATEMENT OF CHANGES IN EQUITY

for the Year ended 31 March 2017

## (a) Equity share capital

	(₹ in million)					
	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	119,565,000	239.1	119,565,000	239.1		
Changes in equity share capital during the year	-	-	-	-		
Balance at the end of the reporting period	<b>119,565,000</b>	<b>239.1</b>	<b>119,565,000</b>	<b>239.1</b>	<b>119,565,000</b>	<b>239.1</b>

## (b) Other Equity

Particulars	Reserves and Surplus			Items of OCI	
	Capital Reserve	General Reserve	Retained Earnings	Remeasurement of Defined benefit plans	Total other equity
Balance as at 1 April 2015	5.2	19,380.4	11,195.4	-	30,581.0
<b>Total Comprehensive Income for the year ended 31 March 2016</b>					
Profit for the year	-	-	7,001.9	-	7,001.9
Other Comprehensive Income for the year (net of tax)	-	-	-	0.5	0.5
<b>Total Comprehensive Income for the year</b>	-	-	<b>7,001.9</b>	<b>0.5</b>	<b>7,002.4</b>
<b>Transactions with owners of the company</b>					
Dividend on Equity Shares (Refer Note No.3.33)	-	-	(1,518.5)	-	(1,518.5)
Dividend Distribution Tax	-	-	(309.0)	-	(309.0)
Balance as at 31 March 2016	<b>5.2</b>	<b>19,380.4</b>	<b>16,369.8</b>	<b>0.5</b>	<b>35,755.9</b>
<b>Total Comprehensive Income for the year ended 31 March 2017</b>					
Profit for the year	-	-	8,831.6	-	8,831.6
Other Comprehensive Income for the year (net of tax)	-	-	-	(36.7)	(36.7)
<b>Total Comprehensive Income for the year</b>	-	-	<b>8,831.6</b>	<b>(36.7)</b>	<b>8,794.9</b>
<b>Transactions with owners of the company</b>					
Dividend on Equity Shares (Refer Note No.3.33)	-	-	(717.4)	-	(717.4)
Dividend Distribution Tax	-	-	(146.0)	-	(146.0)
<b>Balance as at 31 March 2017</b>	<b>5.2</b>	<b>19,380.4</b>	<b>24,338.0</b>	<b>(36.2)</b>	<b>43,687.4</b>

### The Description of the nature and purpose of each reserve within equity as follows:

**Capital Reserve:** Capital reserve represents investment subsidies from state government

**General Reserve:** The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

**Retained Earnings:** Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

As per our report of even date attached,

For and on behalf of the Board of Directors of Alkem Laboratories Limited  
CIN: L00305MH1973PLC174201

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

**Sadashiv Shetty**  
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Director  
DIN No.00739856

**Rajesh Dubey**  
Chief Financial Officer

Mumbai  
Date : 26 May 2017

Mumbai  
Date: 26 May 2017

# NOTES

for the year ended 31st March, 2017

## 1 General Information

Alkem Laboratories Limited ('the Company') was incorporated in 1973 under the provisions of Companies Act, 1956 of India, as a company with limited liability. The Company is domiciled in India with its registered office address being Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, India. The Company is engaged in pharmaceutical business with global operations. The Company is engaged in the development, manufacture and sale of pharmaceutical and nutraceutical products.

## 2A Significant Accounting Policies:

### 2.1 Basis of preparation of Financial Statements:

#### a) Statement of compliance

The financial statements of the Company as at and for the year ended March 31, 2017 have been prepared in accordance with Indian Accounting standards ('Ind AS') notified by the Ministry of Corporate Affairs in consultation with the National Advisory Committee on Accounting Standards, under section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and the relevant provisions of the Act.

These financial statements are Company's first Ind AS financial statements and are covered by Ind AS 101, First-time adoption of Indian Accounting Standards. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ("Indian GAAP") which is considered as the "Previous GAAP" for purposes of Ind AS 101. An explanation of how the transition to Ind AS has affected previously reported financial position performance and cash flows of the Company is provided in **Note 3.38**. The Financial statement are prepared in Indian rupees rounded off to the nearest million except for share data and per share data, unless otherwise stated.

The financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on 26 May 2017.

#### b) Basis of preparation and presentation

The preparation of financial statements in accordance with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in **Note 2B**. Actual results could differ

from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Company presents assets and liabilities in Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### c) Basis of measurement

These financial statements are prepared under historical cost convention unless otherwise indicated.

# NOTES

for the year ended 31st March, 2017

**d) Functional and Presentation Currency**

These financial statement are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

**2.2 Property, plant and equipment (“PPE”)**

**i) Recognition and Measurement**

- a) Items of Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of Property, plant and equipment comprises its purchase price, including import duties and other non refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use incurred up to that date.
- b) If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of Property, plant and equipment.
- c) Any gain or loss on disposal of an item of property plant and equipment is recognised in statement of profit and loss.
- d) Cost of Items of Property, plant and equipment not ready for intended use as on the balance sheet date, is disclosed as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advance under Other non current assets

**ii) Subsequent expenditure**

Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

**iii) Depreciation and Amortisation:**

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is

provided on a straight-line basis over the useful lives as prescribed under Schedule II to the Act or as per technical assessment. The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which is asset is ready to use /(disposed of). Freehold land is not depreciated.

PPE	Useful Life
Leasehold Land	Amortized over the period of Lease
Buildings	5 Years to 59 Years
Plant and Machinery	1 Years to 20 Years
Furniture and Fixtures	10 Years
Vehicles	8 Years
Office Equipments	3 Years to 6 Years

**2.3 Intangible Assets:**

**i) Recognition and measurement**

Research and development	Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets, such as computer software and trademarks and patents, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

**ii) Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

# NOTES

for the year ended 31st March, 2017

## iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate

The estimated useful lives for current and comparative periods are as follows:

Intangible Assets	Useful Life
Computer Software	3 Years to 6 Years
Trade Marks & Patents	5 Years

## 2.4 Impairment of non-financial assets:

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets with indefinite useful life are tested annually for impairment. For impairment testing, assets are group together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 2.5 Operating Leases

Assets taken/given on lease under which substantially all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments/receipts under operating leases are recognised as expenses/income on straight line basis over the primary period of lease only if lease rentals are not linked to inflation in accordance with the respective lease agreements.

## 2.6 Financial instruments

### Recognition initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

### Classification and subsequent measurement

#### Financial Assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI -debt investment;
- FVOCI -equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# NOTES

for the year ended 31st March, 2017

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated -e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

#### Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features). A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

# NOTES

for the year ended 31st March, 2017

## Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

## Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or loss on derecognition is also recognized in profit or loss.

### Derecognition

#### Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and

rewards of the transferred assets, the transferred assets are not derecognized.

#### Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flow under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

#### Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## 2.7 Equity instruments

Equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the

# NOTES

for the year ended 31st March, 2017

Company after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issuance costs.

## 2.8 Inventories:

- a) Raw Materials and Packing Materials are valued at cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. If the decline in price of materials indicate that the cost of finished goods exceeds net realisable value, the materials are written down to net realisable value; cost is calculated on moving weighted average basis.
- b) Finished Goods and Work-in-Progress are valued at lower of cost (on Moving weighted average basis) and net realisable value. In respect of finished goods, cost includes materials, appropriate share of utilities, other overheads and applicable excise duty. Trading Goods are valued at lower of cost (on Moving weighted average basis) and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
- c) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

## 2.9 Revenue Recognition and measurement:

- a) Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of products are transferred by the Company and no significant uncertainty exist regarding the amount of consideration that will be derived from the sale of goods as well as regarding its ultimate collection. Revenue from product sales is stated net of returns, sales tax and applicable trade discounts and allowances. Revenue from product sales includes excise duty, wherever applicable. Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable and are also netted off for probable saleable and non-saleable return of goods from the customers, estimated on the basis of historical data of such returns.
- b) Revenue (including in respect of insurance or other claims, interest etc.) is recognised when it is

reasonable to expect that the ultimate collection will be made

- c) Income from research and product registration (dossiers) services are deferred and allocated to the sales price of the product based on the best estimate of the sales that will be made by the contracting party over the contract period.
- d) Dividend from investment is recognised as revenue when right to receive the payments is established.
- e) Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and no significant uncertainty exist regarding its ultimate collection.

## 2.10 Foreign currencies

### i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- equity investments measured at fair value through other comprehensive income (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

## 2.11 Employee Benefits:

- a) Post Employment Benefits and Other Long Term Benefits:

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for the year ended 31st March, 2017

- i) **Defined Contribution Plan:**  
Company's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Statement of Profit and Loss  
The Company's contribution towards provident fund and superannuation fund for certain eligible employees are considered to be defined contribution plan for which the Company made contribution on monthly basis.
- ii) **Defined Benefit and Other Long Term Benefit Plans:**  
Company's liabilities towards defined benefit plans and other long term benefits viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Statement of Other Comprehensive income in the period of occurrence of such gains and losses. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets, if any.
- b) **Short term Employee Benefits:**  
Short term employee benefits are benefits payable and recognised in 12 months. Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the year as the related service are rendered by the employee. These benefits include performance incentives.

## 2.12 Taxes on Income:

Income tax expense represents the sum of the current tax and deferred tax.

- i) **Current tax**  
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off

the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternate Tax (MAT) under the provision of Income Tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

## ii) **Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against

# NOTES

for the year ended 31st March, 2017

which such deferred tax asset can be realised. Deferred tax assets- unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

## 2.13 Borrowing Costs:

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss of the period in which they are incurred

## 2.14 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised if as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount can not be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

## 2.15 Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

## 2.16 Government Grants:

Grants related to depreciable assets are treated as deferred income which is recognised in the Statement of profit and loss on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. Government Grants of revenue nature is reduced from related expenses in the statement of Profit and Loss in the year of its receipt or when there is a reasonable assurance of its being received.

## 2.17 Non-current assets held for sale:

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less cost to sale. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the statement of profit and loss.

Once classified as held for sale, property, plant and equipment are no longer depreciated.

## 2.18 Cash and cash equivalents:

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank including fixed deposits (having original maturity of less than 3 months), cheques in hand and cash in hand.

# NOTES

for the year ended 31st March, 2017

## 2B Critical accounting judgements and key sources of estimation uncertainty

The Company prepares its financial statements in accordance with Ind AS as issued by the MCA, the application of which often requires judgments to be made by management when formulating the Company's financial position and results. The Directors are required to adopt those accounting policies most appropriate to the Company's circumstances for the purpose of presenting fairly the Company's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgment is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Company should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provide an explanation of each below. The discussion below should also be read in conjunction with the Company's disclosure of significant accounting policies which are provided in **Note 2A** to the standalone financial statements, 'Significant accounting policies'.

### a. Estimate of current and deferred tax

The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/losses and/or cash flows.

The complexity of the Company's structure makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Company and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the Company operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the Statement of Profit and Loss and tax payments.

### b. Recognition of MAT credit entitlement

The credit availed under MAT is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. This requires significant management judgement in determining the expected availment of the credit based on business plans and future cash flows of the Company.

### c. Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

### d. Estimation of useful life

The useful life used to amortise or depreciate intangible assets or property, plant and equipment respectively relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset based on its technical expertise. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Statement of Profit and Loss.

The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

### e. Provisions and contingent liabilities

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent

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for the year ended 31st March, 2017

uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

**f. Fair value measurements and valuation processes**

Some of the Company's assets and liabilities are measured at fair value for the financial reporting purposes. Central corporate treasury team works with various banks for determining appropriate fair value of derivative assets and liabilities. Central treasury team reports to the Chief Financial Officer. In estimating the fair value of derivative assets and liabilities, the Company uses market-observable data to the extent it is available.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note

**g. Defined Benefit Plans:**

The cost of the defined benefit gratuity plan and other

post-employment benefits and present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may defer from actual development in the future. These includes the determination of the discount rate, future salary increases and mortality rates. Due to complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**h. Provision for anticipated sales return:**

In determining the provision for anticipated sales returns, estimates for probable saleable and non-saleable returns of goods from the customers are made on scientific basis after factoring in the historical data of such returns and its trend.

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for the year ended 31st March, 2017

## 3.1 Property, Plant and Equipment, Other Intangible Assets and Capital Work in Progress

Refer Note 2.2 for accounting policy

	Property plant and equipment										Intangible assets			Capital work in progress
	Freehold Land		Leasehold Land	Buildings	Machinery	Plant and Furniture and Fixtures	Vehicles	Office Equipments	Total	Computer Software	Trade Mark & Patents	Total		
<b>At deemed cost</b>														
<b>As at 1 April 2015</b>	1,172.4	122.5	2,057.8	4,619.3	147.0	123.8	139.3	8,382.1	56.4	266.1	322.5			
Additions	47.1	-	245.0	456.6	36.7	28.1	68.8	882.3	42.0	-	42.0			
Adjustments	(14.8)	14.8	-	(6.7)	(0.7)	-	7.4	-	-	-	-			
Deletions	(18.5)	-	(4.5)	(141.1)	(1.6)	(12.1)	(3.9)	(181.7)	(0.0)	-	(0.0)			
<b>As at 31 March 2016</b>	<b>1,186.2</b>	<b>137.3</b>	<b>2,298.3</b>	<b>4,928.1</b>	<b>181.4</b>	<b>139.8</b>	<b>211.6</b>	<b>9,082.7</b>	<b>98.4</b>	<b>266.1</b>	<b>364.5</b>			
<b>As at 1 April 2016</b>	1,186.2	137.3	2,298.3	4,928.1	181.4	139.8	211.6	9,082.7	98.4	266.1	364.5			
Additions	11.8	97.6	891.9	2,036.0	44.9	76.3	143.0	3,301.5	43.0	-	43.0			
Adjustments	-	-	-	10.3	-	-	1.0	11.3	-	-	-			
Deletions	(15.0)	-	(2.0)	(102.7)	(18.2)	(12.9)	(1.5)	(152.3)	(1.5)	-	(1.5)			
Reclassification to assets held for sale	(20.2)	-	-	-	-	-	-	(20.2)	-	-	-			
<b>As at 31 March 2017</b>	<b>1,183.0</b>	<b>214.7</b>	<b>3,188.2</b>	<b>6,871.7</b>	<b>208.1</b>	<b>203.2</b>	<b>354.1</b>	<b>12,223.0</b>	<b>139.9</b>	<b>266.1</b>	<b>406.0</b>			
<b>Depreciation and Amortisation</b>														
<b>As at 1 April 2015</b>	-	-	-	-	-	-	-	-	-	-	-			
Depreciation/amortisation for the year	-	4.1	54.3	483.4	32.6	22.7	49.8	646.9	30.2	58.2	88.4			
Adjustments	-	-	-	0.7	(0.6)	(0.0)	-	0.1	-	-	-			
Deductions	-	-	(1.4)	(30.3)	(0.3)	(1.3)	(1.7)	(35.0)	(0.0)	-	(0.0)			
<b>As at 31 March 2016</b>	<b>-</b>	<b>4.1</b>	<b>52.9</b>	<b>453.8</b>	<b>31.7</b>	<b>21.4</b>	<b>48.1</b>	<b>612.0</b>	<b>30.2</b>	<b>58.2</b>	<b>88.4</b>			
<b>As at 1 April 2016</b>	-	4.1	52.9	453.8	31.7	21.4	48.1	612.0	30.2	58.2	88.4			
Depreciation/amortisation for the year	-	2.2	64.5	482.5	33.1	23.5	64.1	669.9	36.7	58.2	94.9			
Adjustments	-	-	-	-	-	-	-	-	-	-	-			
Deductions	-	-	(0.6)	(61.9)	(17.9)	(7.3)	(1.3)	(89.0)	(1.5)	-	(1.5)			
Reclassification to assets held for sale	-	(2.0)	-	-	-	-	-	(2.0)	-	-	-			
<b>As at 31 March 2017</b>	<b>-</b>	<b>4.3</b>	<b>116.8</b>	<b>874.4</b>	<b>46.9</b>	<b>37.6</b>	<b>110.9</b>	<b>1,190.9</b>	<b>65.4</b>	<b>116.4</b>	<b>181.8</b>			
<b>Net Book Value</b>														
As at 1 April 2015	1,172.4	122.5	2,057.8	4,619.3	147.0	123.8	139.3	8,382.1	56.4	266.1	322.5	958.9		
As at 31 March 2016/1 April 2016	1,186.2	133.2	2,245.4	4,474.3	149.7	118.4	163.5	8,470.7	68.2	207.9	276.1	1,465.5		
<b>As at 31 March 2017</b>	<b>1,183.0</b>	<b>210.4</b>	<b>3,071.4</b>	<b>5,997.3</b>	<b>161.2</b>	<b>165.6</b>	<b>243.2</b>	<b>11,032.1</b>	<b>74.5</b>	<b>149.7</b>	<b>224.2</b>	<b>2,184.4</b>		

The Company has availed the deemed cost exemption in relation to the property plant and equipment and other intangible assets on the date of transition and hence the net block carrying amount of the earlier GAAP as at 31 March 2015 has been considered as the gross block carrying amount as at 1 April 2015. Refer note below for the gross block value and the accumulated depreciation on April 1, 2015 under the previous GAAP

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for the year ended 31st March, 2017

(₹ in Million)			
Property, plant and equipment	Gross Block	Accumulated Depreciation	Net Block
Freehold Land	1,172.4	-	1,172.4
Leasehold Land	128.9	6.4	122.5
Buildings	2,516.7	458.9	2,057.8
Plant and Machinery	6,344.9	1,725.6	4,619.3
Furniture and Fixtures	307.9	160.9	147.0
Vehicles	206.7	82.9	123.8
Office Equipments	268.7	129.4	139.3
<b>Intangible Assets</b>			
Computer Software	308.4	252.0	56.4
Trade Mark & Patents	307.1	41.0	266.1

**Refer Note 3.13** on Borrowings, for the details related to charge on Property, plant and equipment of the Company.

- Addition to fixed assets include items of fixed assets aggregating ₹ **210.2 Million** (FY 2015-16 ₹ 333.3 Million) (FY 2014-15 ₹ 68.8 Million) located at Research and Development Centres of the Company.
- Capital work in progress comprises expenditure in respect of various plants in the course of construction. Total amount of Capital work in progress is ₹ **2,184.4 million** as at 31 March 2017 (31 March 2016: ₹ 1,465.5 million; 1 April 2015: ₹ 958.9 million). This amount also includes capitalized borrowing costs related to the construction of various plants of ₹ **32.9 million** (For the year ended 31 March 2016: ₹ Nil), calculated using a capitalized rate of **5.7%** (For the year ended 31 March 2016: Nil).
- Refer Note 3.28(b)(1)** for contractual commitments with respect to property plant and equipments.
- Depreciation and amortisation expense:

(₹ in Million)		
Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Depreciation expense	669.9	646.9
Amortisation expense	94.9	88.4
<b>Total</b>	<b>764.8</b>	<b>735.3</b>

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for the year ended 31st March, 2017

## 3.2 Investments: Refer Note 2.6 for Accounting Policy

	Units as at		Face Value	As at 31 March 2017		As at 31 March 2016		As at 1st April 2015	
	31 March 2017	31 March 2016		₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million
<b>A. Non Current Investments</b> In Equity Shares Unquoted: [at cost]									
a) In Subsidiaries:									
Alkem Laboratories (NIG) Limited, Nigeria (Including 1 share held by the nominee)	27,156,388	27,156,388	Naira	9.4	9.4	9.4	9.4	9.4	9.4
Alkem Laboratories (Pty.) Limited, South Africa [Refer Note 6 (a)]	49,960	15,890	Rand	68.8	0.9	0.9	0.9	0.9	0.9
Alkem Laboratories Corporation, Philippines [Refer Note 6 (b)] (Including 5 shares held by the nominees)	999,272	518,000	Peso	139.7	72.2	72.2	72.2	9.6	9.6
Alkem Laboratories Corporation, Philippines (Share Application Money)					-	-	-	62.6	62.6
Alkem Pharma GmbH, Germany (One Share of Euro 24,750 and Second share of Euro 250)	2	2	Euro	1.7	1.7	1.7	1.7	1.7	1.7
Ascend Laboratories Sdn. Bhd., Malaysia (₹ 91)	2	2	Ringgit						
S & B Holdings B.V., Netherlands	35,590,552	35,590,552	Euro	2,897.2	2,897.2	2,897.2	2,897.2	2,897.2	2,897.2
Alkem Laboratories Korea INC	15,000	15,000	Korean Won	0.1	0.1	0.1	0.1	0.1	0.1
Ascend Laboratories SpA, Chile [Refer Note 6 (e)] (1000 Nominative Shares, without par value)	3,153	1,000		133.8	0.1	0.1	0.1	0.1	0.1
Pharmacor Ltd., Kenya	1,000	1,000	Shillings	0.1	0.1	0.1	0.1	0.1	0.1
Pharmacor Pty Ltd., Australia	68,313,954	68,313,954		224.7	224.7	224.7	224.7	224.7	224.7
Ascend Laboratories (UK) Limited (issued capital 250000 shares of 1 GBP of which 40 Pence is called up & paid)	250,000	250,000	GBP	9.9	9.9	9.9	9.9	4.9	4.9
S&B Pharma, Inc, USA [Refer Note 6 (g)]	68,454	50,100	USD	1,850.6	301.0	301.0	301.0	301.0	301.0
Cachet Pharmaceuticals Pvt Ltd [Refer Note 6 (d)]	10,484	7,650	INR	888.9	638.9	638.9	638.9	638.9	638.9
Indchemie Health Specialities Pvt Ltd	127,500	127,500	INR	1,640.7	1,640.7	1,640.7	1,640.7	1,640.7	1,640.7
Enzene Biosciences Limited, India [Refer Note 6 (f)]	11,305,390	4,481,000	INR	1,640.0	607.4	607.4	607.4	110.0	110.0
Enzene Biosciences Limited, India (Share Application Money)				9,505.6	6,404.3	6,404.3	6,404.3	8.6	8.6
				9,505.6	6,404.3	6,404.3	6,404.3	5,910.5	5,910.5

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	Units as at		Face Value	As at 31		As at 31	As at 1st
	31 March 2017	31 March 2016		March 2017	March 2016		
b) Investment in Avenue Venture Real Estate Fund [at cost]	Nil	Nil	22,780				2,221.2
c) Investment in Limited Liability Partnership Firm: Unquoted (Trade): [at cost]							
The PharmaNetwork LLP, Kazakhstan [Refer Note 6 (c)]					157.6	100.5	0.1
					9,663.2	6,504.8	8,131.8
<b>In Equity Shares of Other Companies [at fair value through profit and loss]:</b>							
<b>Unquoted:</b>							
Bharuch Eco-Aqua Infrastructure Limited	510,000	510,000	510,000		5.1	5.1	5.1
Shivalik Solid Waste Management Limited	18,000	18,000	18,000		0.2	0.2	0.2
Propstack Services Private Limited (₹20,000 (31 March 2016 ₹20,000; 1 April 2015 ₹20,000)	2,000	2,000	2,000				
The Saraswat Co-operative Bank Limited (₹20,000 (31 March 2016 ₹20,000; 1 April 2015 ₹20,000)	2,000	2,000	2,000				
					5.3	5.3	5.3
<b>Investment in Venture Capital Fund</b>							
<b>Unquoted(Non Trade) [at fair value through profit and loss]:</b>							
Asia Healthcare Fund Investment Trust (Units of ₹ 100 each, Paid up value per unit of ₹ 75 each, (31 March 2016; ₹ 75 each; 1 April 2015 ₹ 70 each)	183,566	183,566	183,566		11.1	11.1	10.4
Tata Capital Healthcare Fund (Units of ₹ 1 each, Paid up value per unit of ₹ 0.9 each (31 March 2016; ₹ 0.9 each; 1 April 2015 ₹ 0.5 each)	100,000,000	100,000,000	100,000,000		115.7	132.2	77.6
India Business Excellence Fund (Units of ₹ 1,000,000 each, Paid up value per unit of ₹ 975,000 each (31 March 2016; ₹ 975,000 each; 1 April 2015 ₹ 975,000 each)	25	25	25		36.3	42.7	46.4
India Business Excellence Fund-II (Units of ₹ 1,000 each, Paid up value per unit of ₹ 625 each (31 March 2016; ₹ 625 each; 1 April 2015 ₹ 400 each)	100,000	100,000	100,000		79.0	53.4	20.4
Yournest Angel Fund-Scheme 1 (Units of ₹ 10,000 each, Paid up value per unit of ₹ 7,573 each (31 March 2016 ₹ 7,573 each 1 April 2015 ₹ 7,573 each)	2,000	2,000	2,000		21.8	17.8	18.3
Indusage Technology Venture Fund I (Units of ₹ 1,000 each, Paid up value per unit of ₹ 250 each (31 March 2016 ₹ 250 each; 1 April 2015 ₹ 250 each)	20,000	20,000	20,000		21.7	16.7	18.5
<b>Investment in Mutual Funds</b>							
<b>Quoted(Non Trade) [at fair value through profit and loss]:</b>							
Motilal Oswal Most Focused Multicap 35 Fund - Regular -Growth	4,859,862	2,923,388	2,039,518		110.7	48.5	34.8
						10	

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for the year ended 31st March, 2017

	Units as at		Face Value	As at 31 March 2017		As at 31 March 2016		As at 1st April 2015	
	31 March 2017	31 March 2016		(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)
Motilal Oswal Most Focused Multicap 25 Fund - Regular - Growth	675,648	675,648	Nil	12.6	9.9	-	-	-	-
Franklin India High Growth Companies Fund-Growth	325,362	Nil	Nil	11.3	-	-	-	-	-
Franklin India Prima Plus - Growth	10,606	Nil	Nil	5.4	-	-	-	-	-
Birla Sun Life Top 100 Fund - Growth	107,848	Nil	Nil	5.5	-	-	-	-	-
ICICI Prudential Value Discovery Fund - Growth	41,169	Nil	Nil	5.5	-	-	-	-	-
HDFC Charity Fund For Cancer Cure-Debt Plan	500,000	Nil	Nil	5.0	-	-	-	-	-
				441.6	332.3				226.4
<b>Debtures [at amortised cost]:</b>									
<b>Non Convertible</b>									
<b>Unquoted</b>									
12.50% Cholamandalam Investment and Finance Limited	40	40	40	20.0	20.0	20.0	20.0	20.0	20.0
10.17% HDB financial Service Limited (Refer Note 5)	Nil	200	200	1,000,000	200.5	201.5	201.5	201.5	201.5
<b>Quoted</b>									
8% Indian Railway Finance Corporation Limited (Refer Note 5)	108,754	108,754	108,754	108.8	108.8	108.8	108.8	108.8	108.8
12.00% ECL Finance Limited	10,000	10,000	10,000	10.0	10.0	10.0	10.0	10.0	10.0
8.63% NHB Limited (Refer Note 5)	7,220	7,220	7,220	36.1	36.1	36.1	36.1	36.1	36.1
9.01% NHB Limited (Refer Note 5)	4,000	4,000	4,000	20.1	20.1	20.1	20.1	20.1	20.1
				195.0	395.5				396.5
<b>Bonds [at amortised cost]</b>									
<b>Quoted</b>									
11% Bank of India (Refer Note 5)	250	250	250	249.5	250.0	250.0	250.0	250.0	250.0
11% Bank of India (Refer Note 5)	20	20	20	19.5	20.0	20.0	20.0	20.0	20.0
11% Bank of India (Refer Note 5)	200	200	Nil	212.4	212.4	212.4	-	-	-
10.25% Tata Capital Limited.	40	40	40	20.7	21.0	21.0	21.4	21.4	21.4
11.50% Tata Steel Limited	100	100	100	102.2	102.7	104.2	104.2	104.2	104.2
11.25% Tata Motors Finance Limited	100	100	100	50.0	50.0	50.0	50.0	50.0	50.0
11.03% Tata Motors Finance Limited	100	100	100	100.0	100.0	100.0	100.0	100.0	100.0
11.80% Tata Steel Limited	50	50	50	52.4	52.9	53.3	53.3	53.3	53.3
11.40% Tata Power Limited	50	50	50	50.5	50.6	50.4	50.4	50.4	50.4
9.55% Kotak Mahindra Prime (Refer Note 5)	750	750	750	750.0	750.0	750.0	750.0	750.0	750.0
8.73% Kotak Mahindra Investment	500	Nil	Nil	500.0	-	-	-	-	-
<b>Total</b>				2,107.2	1,609.6	1,399.3	1,399.3	1,399.3	1,399.3
				12,412.3	8,847.5	10,159.3	10,159.3	10,159.3	10,159.3

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for the year ended 31st March, 2017

## Notes:

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Book Value	Market Value	Book Value	Market Value	Book Value	Market Value
1) Aggregate value of Unquoted Investments:	9,974.2	N.A.	7,004.5	N.A.	8,550.2	N.A.
2) Aggregate value of Quoted Investments:	2,438.1	2,438.1	1,843.0	1,843.0	1,609.1	1,609.1
3) Aggregate amount of impairment in the value Investments:	Nil		Nil		Nil	
4) All Investments in Shares & Securities are fully paid up. (Except Refer Note 3.26(b)-2)						

### Details of M/s The PharmaNetwork LLP, Kazakhstan:

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Profit Sharing Ratio	Capital Accounts	Profit Sharing Ratio	Capital Accounts	Profit Sharing Ratio	Capital Accounts
M/s Alkem Laboratories Limited	100.00%	157.6	100.00%	100.5	100.00%	0.1
<b>Total</b>	<b>100.00%</b>	<b>157.6</b>	<b>100.00%</b>	<b>100.5</b>	<b>100.00%</b>	<b>0.1</b>

- 5) **At 31 March 2017:** Investments in 8% Indian Railway Finance Corporation Limited, 8.63% NHB Limited, 9.01% NHB Limited, 11% Bank of India, 9.55% Kotak Mahindra Prime Aggregating to face value of ₹ **1,378.0 Million** has been pledged against issuance of Stand by letter of credit required for Loan of US\$ 25.0 Million advanced by Citi Bank USA to ThePharmaNetwork LLC (USA), a 100% step down subsidiary of the company and Loan of US\$ 20.0 Million advanced by Citi Bank USA to S&B Pharma Inc. (USA), a wholly owned subsidiary of the Company and Loan of US\$ 4 Million advanced by Banco De Chile to Ascend Laboratories SpA, Chile, a wholly owned subsidiary of the Company

At 31 March 2016 Investments in 8% Indian Railway Finance Corporation Limited, 10.17% HDB Financial Services Limited, 8.63% NHB Limited, 9.01% NHB Limited, 11% Bank of India, 9.55% Kotak Mahindra Prime Aggregating to face value of ₹ 1,578.0 Million has been pledged against issuance of Stand by letter of credit required for Loan of US\$ 25.0 Million advanced by Citi Bank USA to ThePharmaNetwork LLC (USA), a 100% step down subsidiary of the company and Loan of US\$ 20.0 Million advanced by Citi Bank USA to S&B Pharma Inc. (USA), a wholly owned subsidiary of the Company and Loan of US\$ 4 Million advanced by Banco De Chile to Ascend Laboratories SpA, Chile, a wholly owned subsidiary of the Company

**At 1 April 2015:** Investments in 8% Indian Railway Finance Corporation Limited, 10.17% HDB Financial Services Limited, 8.63% NHB Limited, 9.01% NHB Limited, 11% Bank of India, 9.55% Kotak Mahindra Prime Aggregating to ₹ 1,387.5 Million were in the process of pledge against issuance of Stand by letter of credit required for Term Loan of US\$ 29.80 Million advanced by Citi Bank USA to ThePharmaNetwork LLC (USA), a 100% step down Subsidiary of the Company.

- 6a) During the year, the Company has contributed ₹ **67.9 Million** in wholly owned subsidiary in South Africa viz, "Alkem Laboratories (Pty) Limited" by way of a capital contribution.
- 6b) During the year, the Company has contributed ₹ **67.5 Million** in wholly owned subsidiary in Philippines viz, "Alkem Laboratories Corporation" by way of a capital contribution.
- 6c) During the year, the Company has contributed ₹ **57.1 Million** in wholly owned subsidiary in Kazakhstan viz, "The PharmaNetwork LLP, Kazakhstan:" by way of a capital contribution.
- 6d) During the year, the Company has contributed ₹ **250.0 Million** in partly owned subsidiary in India viz, "Cachet Pharmaceuticals Private Limited" by way of a capital contribution.

# NOTES

for the year ended 31st March, 2017

- 6e) During the year, the Company has contributed ₹ 133.7 Million in wholly owned subsidiary in Chile viz, "Ascend Laboratories SpA" by way of a capital contribution.
- 6f) During the year, the Company has contributed ₹ 500.0 Million and ₹ 532.6 Million in wholly owned subsidiary in India viz, "Enzene Biosciences Limited" by way of a capital contribution and by way of conversion of loans and advances to equity respectively.
- 6g) During the year, the Company has contributed ₹ 1,069.2 Million and ₹ 480.4 Million in wholly owned subsidiary in USA viz, "S&B Pharma Inc." by way of a capital contribution and by way of conversion of loans and advances to equity respectively.

	Units as at			Face Value	As at 31 March 2017		As at 31 March 2016		As at 1 April, 2015	
	31 March 2017	31 March 2016	1 April 2015		₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million
<b>B. Current Investments</b>										
1) Mutual Funds:										
a) (Quoted): [at fair value through profit and loss]										
Benchmark Liquid Bees	Nil	0.835	0.784	1,000	-	-	-	-	-	-
(₹ Nil (31 March 2016 ₹ 835.01; 1 April 2015 ₹ 784.10)										
IDFC Money Manager Fund-DIR-DLY	Nil	8,685	13,951	10	-	0.1	0.1	0.1	0.1	0.1
b) Unquoted:[at fair value through profit and loss]										
HDFC CMF Treasury Advantage Retail -WD	Nil	Nil	256,042	10	-	-	-	2.6	-	2.6
2) Debentures :										
Non Convertible										
Quoted [at amortised cost]										
12.25% Religare Finvest Limited	Nil	Nil	50,000	1,000	-	-	-	50.0	-	50.0
3) Commercial Paper: (Unquoted) [at amortised cost]										
9.50% Barclays Investments Limited										
4) Investment in funds : (Unquoted) [at fair value through profit and loss]										
Avenue Venture Real Estate Fund (Units of ₹ 100,000 each, fully paid-up) - Refer sub note 3 of Note 3.2	19,966	19,966	Nil	100,000	2,756.0	2,719.0	2,719.0	-	-	-
5) Equity Shares:										
a) Quoted [at fair value through profit and loss]										
Adani Ports & Special Economic Zone Limited	Nil	Nil	6,297	10	-	-	-	-	1.9	1.9
Asian Paints Limited	Nil	Nil	882	1	-	-	-	-	0.7	0.7
Bajaj Finance Limited	Nil	Nil	391	10	-	-	-	-	1.6	1.6
Bharat Forge Limited	Nil	Nil	526	2	-	-	-	-	0.7	0.7
Bosch Limited	Nil	Nil	117	10	-	-	-	-	3.0	3.0
Colgate-Palmolive (India) Limited	Nil	Nil	228	1	-	-	-	-	0.5	0.5
Container Corporation of India Limited	Nil	Nil	341	10	-	-	-	-	0.5	0.5
City Union Bank Limited	Nil	Nil	6,953	1	-	-	-	-	0.7	0.7
Cummins India Limited	Nil	Nil	942	2	-	-	-	-	0.8	0.8
DCB Bank Limited	Nil	Nil	5,969	10	-	-	-	-	0.7	0.7

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for the year ended 31st March, 2017

	Units as at		Face Value		As at 31 March 2017		As at 31 March 2016		As at 1 April, 2015	
	31 March 2017	31 March 2016	1 April 2015	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)
D Q Entertainment Limited	Nil	Nil	12,958	10	-	-	-	0.3	-	-
Deccan Chronicle Holdings Limited	Nil	Nil	256	2	-	-	-	0.0	-	-
Eicher Motors Limited	Nil	Nil	322	10	-	-	-	5.1	-	-
Engineers India Limited	Nil	Nil	900	5	-	-	-	0.2	-	-
Emami Limited	Nil	Nil	648	1	-	-	-	0.6	-	-
Gateway Distriparks Limited	Nil	Nil	3,587	10	-	-	-	1.5	-	-
GlaxoSmithKline Consumer Healthcare Limited	Nil	Nil	104	10	-	-	-	0.7	-	-
HDFC Bank Limited	Nil	Nil	1,101	10	-	-	-	1.1	-	-
HDFC Limited	Nil	Nil	745	10	-	-	-	1.0	-	-
Hero Motocorp Limited	Nil	Nil	197	2	-	-	-	0.5	-	-
Hindustan Petroleum Corp. Limited	Nil	Nil	2,218	10	-	-	-	1.4	-	-
ING Viasya Bank Limited	Nil	Nil	667	10	-	-	-	0.6	-	-
IRB Infrastructure Developers Limited	Nil	Nil	7,904	10	-	-	-	1.9	-	-
IPCA Lab Limited	Nil	Nil	971	2	-	-	-	0.6	-	-
Jammu and Kashmir Bank Limited	Nil	Nil	4,478	10	-	-	-	0.4	-	-
Larsen & Toubro Limited	Nil	Nil	1,879	2	-	-	-	3.2	-	-
Max India Limited	Nil	Nil	1,285	2	-	-	-	0.6	-	-
Nava Bharat Ventures Limited	Nil	Nil	3,966	2	-	-	-	0.7	-	-
Page Industries Limited	Nil	Nil	182	10	-	-	-	2.5	-	-
Sanghvi Movers Limited	Nil	Nil	4,122	2	-	-	-	1.1	-	-
State Bank of India Limited	Nil	Nil	2,980	10	-	-	-	0.8	-	-
Speciality Restaurants Limited	Nil	Nil	736	10	-	-	-	0.1	-	-
Sun Pharmaceuticals Limited	Nil	Nil	1,662	2	-	-	-	1.7	-	-
Tata Consultancy Services Limited	Nil	Nil	299	1	-	-	-	0.8	-	-
Tech Mahindra Limited	Nil	Nil	1,572	10	-	-	-	1.0	-	-
Tara Jewels Limited	Nil	Nil	28,535	10	-	-	-	1.6	-	-
Torrent Power Limited	Nil	Nil	2,490	10	-	-	-	0.4	-	-
United Spirits Limited	Nil	Nil	188	10	-	-	-	0.7	-	-
VA Tech Wabag Limited	Nil	Nil	9,274	2	-	-	-	7.6	-	-
Volta Limited	Nil	Nil	4,167	1	-	-	-	1.2	-	-
										51.0
b) Unquoted [at fair value through profit and loss]										
G R Infraprojects Limited	Nil	Nil	66,262	2	-	-	-	1.3	-	-
Intarvo Technologies Limited	Nil	Nil	4,299	10	-	-	-	0.9	-	-
GMR Energy Limited	Nil	16,531	16,531	10	-	-	0.2	0.2	-	-
										2.4
6) Preference Shares: [at amortised cost]										
Intarvo Technologies Limited -CCPS	Nil	Nil	1,616	10	-	-	-	0.1	-	-
Regen Powertech Private Limited -CCPS	43,280	4,328	4,328	10	3.1	-	3.1	3.1	-	-
GMR Energy Limited-CCPS	Nil	1,799	1,799	10	-	-	1.8	1.8	-	-
0.1% Cumulative Non Convertible Preference Shares										
Saraswat Bank-NCPS	500,000	500,000	500,000	10	5.0	-	5.0	5.0	-	-
										10.0
<b>Total</b>							<b>2764.1</b>	<b>2729.2</b>		<b>618.6</b>

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for the year ended 31st March, 2017

## Notes:

	Cost	Market Value	Cost	Market Value	Cost	Market Value
1) Aggregate value of Quoted investments	-	0.0	0.1	0.1	103.7	103.7
Aggregate value of Unquoted investments	2,764.1	N.A.	2,729.1	N.A.	514.9	N.A.

2) All Investments in Shares & Securities are fully paid up.

- 3) During the previous year ended 31 March 2016, pursuant to the approval of the Board of Directors in its meeting held on 9 March 2016, the Company in order to focus on its core business activities and for other commercial reasons, restructured its investment in Avenue Venture Real Estate Fund ("Fund") by entering into an option agreement with Mr. Tushar Kumar for grant of unconditional option exercisable without restriction at the option of the option holder to purchase the trust units held by the Company in the Fund at an option price of 102% of the fair market value of each trust unit as on the exercise date. This Agreement shall remain in force for a period of 2 years from the execution date and may be renewed with mutual consent of the parties.

## 3.3 : Loans:

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April, 2015
<b>A. Non Current Loans</b>			
(Unsecured, Considered Good)			
Loans to Subsidiary Companies (Refer Note 3.35)	335.5	1,317.5	884.6
Other receivables	68.9	68.9	51.0
<b>TOTAL</b>	<b>404.4</b>	<b>1,386.4</b>	<b>935.6</b>
<b>B. Current Loans</b>			
(Unsecured, Considered Good, unless Otherwise stated)			
Loans to employees	144.9	82.0	65.2
<b>TOTAL</b>	<b>144.9</b>	<b>82.0</b>	<b>65.2</b>

## 3.4 : Other Financial Assets:

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>A. Other Non Current Financial Assets</b>			
In Deposit Accounts:			
Bank Deposits with maturity beyond 12 months	2,839.9	1,833.5	4,057.3
Interest on Deposits, accrued but not due	28.0	26.2	543.9
Other Receivables	34.4	38.5	42.0
Security Deposits	13.2	12.2	8.9
<b>TOTAL</b>	<b>2,915.5</b>	<b>1,910.4</b>	<b>4,652.1</b>

### Note:

Bank Deposits of ₹ **1,455.0 Million** (31 March 2016: ₹ 1,445.0 Million; 1 April 2015: ₹ 3,807.3 Million) are under lien with the Banks against Overdraft facility.

Bank Deposits of ₹ **55.0 Million** (31 March 2016 ₹ 55.0 Million; 1 April 2015 ₹ Nil) are pledged against loan taken by Cachet Pharmaceuticals Private Limited, subsidiary of the Company in India.

Bank Deposits of ₹ **Nil** (31 March 2016 ₹ 33.5 Million; 1 April 2015 ₹ Nil) are under lien with bank against bank guarantees

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for the year ended 31st March, 2017

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April, 2015
<b>B. Other Current Financial Assets</b>			
Interest on Deposits, accrued but not due	199.0	406.8	133.4
Other Receivables*	114.0	138.1	113.4
Security Deposits	102.1	91.9	57.9
<b>TOTAL</b>	<b>415.1</b>	<b>636.8</b>	<b>304.7</b>

**Note:**

\*Includes amount receivable from related party amounting to ₹ 68.5 million :Refer Note 3.41 (31 March 2016 ₹ Nil; 1 April 2015 ₹ Nil) and insurance claim receivable ₹ 10.4 Million (31 March 2016 ₹ 10.4 Million; 1 April 2015 ₹ 81.7 Million)

### 3.5 : Other Non-current Assets:

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April, 2015
Capital Advances	919.9	428.0	152.7
Balances with Government Authorities	162.4	142.8	77.0
Other advances	18.3	2.4	20.1
Prepaid expenses	1.5	2.2	0.7
<b>TOTAL</b>	<b>1,102.1</b>	<b>575.4</b>	<b>250.5</b>

### 3.6 : Inventories:

(Refer Note 2.8) for accounting policy

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April, 2015
Raw and packing materials	2,296.0	1,738.4	1,665.8
Goods-in-transit	16.9	6.4	1.7
	<b>2,312.9</b>	<b>1,744.8</b>	<b>1,667.5</b>
Work-in-progress	395.7	244.7	241.9
Finished goods	3,007.3	1,723.7	2,181.1
Goods-in-transit	261.3	657.1	57.1
	<b>3,268.6</b>	<b>2,380.8</b>	<b>2,238.2</b>
Stock-in-trade	2,434.3	1,340.4	1,041.9
Goods-in-transit	176.1	189.6	292.9
	<b>2,610.4</b>	<b>1,530.0</b>	<b>1,334.8</b>
<b>TOTAL</b>	<b>8,587.6</b>	<b>5,900.3</b>	<b>5,482.4</b>

**Note:**

- The Company follows suitable provisioning norms for writing down the value of inventories towards slow moving, non moving, expired and non saleable inventory. Write down of inventory for the year ended 31 March 2017 is ₹ 182.5 Million (31 March 2016: ₹ 68.5 Million)
- Refer Note 3.13 on Borrowings, for the details related to charge on inventories lying with the Company.

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for the year ended 31st March, 2017

## 3.7 Income Taxes

Refer Note 2.13 for accounting Policy

### (A) Components of Income Tax Expenses

#### (i) Tax Expense recognised in profit and loss

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
<b>Current tax</b>		
Current period tax	1,909.4	1,610.0
	<b>1,909.4</b>	<b>1,610.0</b>
<b>Deferred tax (net)</b>		
Minimum Alternate Tax (MAT) credit entitlement	(1,909.4)	(1,443.0)
MAT entitlement credit of earlier years written off (Refer Note 3.47)	-	834.1
Origination and reversal of temporary differences	112.7	396.0
Increase in tax rate	-	(10.5)
	<b>(1,796.7)</b>	<b>(223.4)</b>
<b>Tax expense for the year</b>	<b>112.7</b>	<b>1,386.6</b>

#### (ii) Tax recognised in other comprehensive income

	(₹ in Million)					
	For the year ended 31 March 2017			For the year ended 31 March 2016		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurements of the defined benefit plans	(56.1)	19.4	(36.7)	0.7	(0.2)	0.5
	<b>(56.1)</b>	<b>19.4</b>	<b>(36.7)</b>	<b>0.7</b>	<b>(0.2)</b>	<b>0.5</b>

### (B) Reconciliation of effective tax rate

	(₹ in Million)			
	(%)	For the Year ended 31 March 2017	(%)	For the Year ended 31 March 2016
<b>Profit before tax</b>		8,944.3		8,388.5
Tax using the Company's domestic tax rate (Current year 34.6% and Previous Year 34.6%)	34.6%	3,095.4	34.6%	2,903.3
Increase in tax rate	0%	-	-0.1%	(10.5)
<b>Tax effect of:</b>				
Short term capital gains taxable at lower rate	0.0%	-	0.0%	(1.5)
Long term capital gains exempt under income tax	-0.1%	(7.9)	-0.1%	(4.4)
Income exempt from income taxes	0.0%	(3.8)	-0.4%	(32.4)
Additional deduction allowed under income tax act in respect of Section 80(IE), 80(IB)	-28.5%	(2,552.8)	-24.3%	(2,034.4)
Interest expense not deductible for tax purposes	0.1%	12.2	0.3%	23.8
Additional allowances under income tax in respect of Section 35(2AB)	-5.8%	(523.1)	-5.7%	(478.4)
Minimum alternate tax written off	0.0%	-	9.9%	834.0
Others	1.0%	92.7	2.2%	187.1
	<b>1.3%</b>	<b>112.7</b>	<b>16.5%</b>	<b>1,386.6</b>

The Company's weighted average tax rates for the years ended March 31, 2017 and 2016 were 34.6% and 34.6%, respectively. Income tax expense was ₹ 112.7 Million for the year ended March 31, 2017, as compared to income tax expense of ₹ 1,386.6 Million for the year ended March 31, 2016.

The Company's effective tax rate for the year ended March 31, 2017 was 1.3% (March 31, 2016 : 16.5%)

The effective tax rate for the year ended March 31, 2017 was lower primarily as a result of additional allowance under Income tax.

# NOTES

for the year ended 31st March, 2017

## (C) Movement in deferred tax assets and liabilities

(₹ in Million)

	Net balance April 1, 2016	Recognised in profit or loss	Recognised in OCI	March 31, 2017		
				Net	Deferred tax asset	Deferred tax liability
<b>Deferred Tax Liabilities:</b>						
Property, plant and equipment and Intangible assets	(1,165.4)	(135.9)	-	(1,301.3)	-	(1,301.3)
Investment	(299.6)	(20.3)	-	(319.9)	-	(319.9)
Borrowings	(0.6)	0.6	-	(0.0)	-	(0.0)
<b>Deferred Tax Assets:</b>						
Employee benefits	300.0	51.0	19.4	370.4	370.4	-
Trade receivables	94.4	6.9	-	101.3	101.3	-
Deferred Government Grant	10.8	33.6	-	44.4	44.4	-
Other items	74.9	(48.6)	-	26.3	26.3	-
MAT credit entitlement	5,079.4	1,909.4	-	6,988.8	6,988.8	-
<b>Deferred Tax Assets/(Liabilities)</b>	<b>4,093.9</b>	<b>1,796.7</b>	<b>19.4</b>	<b>5,910.0</b>	<b>7,531.2</b>	<b>(1,621.2)</b>
Offsetting of deferred tax assets and deferred tax liabilities					(1,621.2)	1,621.2
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>4,093.9</b>	<b>1,796.7</b>	<b>19.4</b>	<b>5,910.0</b>	<b>5,910.0</b>	<b>-</b>

(₹ in Million)

	Net balance 1st April ,2015	Recognised in profit or loss	Recognised in OCI	March 31, 2016		
				Net	Deferred tax asset	Deferred tax liability
<b>Deferred Tax Liabilities:</b>						
Property, plant and equipment and Intangible assets	(977.1)	(188.3)	-	(1,165.4)	-	(1,165.4)
Investment	(22.4)	(277.2)	-	(299.6)	-	(299.6)
Borrowings	(1.4)	0.8	-	(0.6)	-	(0.6)
<b>Deferred Tax Assets:</b>						
Employee benefits	254.9	45.3	(0.2)	300.0	300.0	-
Trade receivables	38.5	55.9	-	94.4	94.4	-
Deferred Government Grant	11.1	(0.3)	-	10.8	10.8	-
Other items	96.6	(21.7)	-	74.9	74.9	-
MAT credit entitlement	4,470.5	608.9	-	5,079.4	5,079.4	-
<b>Deferred Tax Assets/(Liabilities)</b>	<b>3,870.7</b>	<b>223.4</b>	<b>(0.2)</b>	<b>4,093.9</b>	<b>5,559.5</b>	<b>(1,465.6)</b>
Offsetting of deferred tax assets and deferred tax liabilities					(1,465.6)	1,465.6
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>3,870.7</b>	<b>223.4</b>	<b>(0.2)</b>	<b>4,093.9</b>	<b>4,093.9</b>	<b>-</b>

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

In India, in case income tax payable on book profit (that is Minimum alternate tax - 'MAT') exceeds the income tax payable on tax profit, the differential amount shall be carried forward as a MAT credit for a period of 15 years. The said MAT credit can be offset against any future income tax payable. The Company has carry forward amount of MAT of ₹ 6,988.8 Million as at 31 March 2017. (₹ 5,079.4 million as at March 31, 2016; ₹ 4,470.5 million as at April 1, 2015).

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

# NOTES

for the year ended 31st March, 2017

## D. Tax assets and liabilities

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Non Current tax assets (net)	269.9	404.2	529.6
Current tax assets (net)	214.6	-	-
Current tax liabilities (net)	10.2	68.2	-

## E. Unrecognised deferred tax assets

Particulars	(₹ in Million)	
	As at 31 March 2017	As at 31 March 2016
Unrecognised MAT Credit Entitlement (Refer Note 3.47)	834.1	834.1

## 3.8 : Trade Receivables:

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Unsecured)			
Considered good	6,333.2	4,804.4	3,750.0
Considered doubtful	252.9	230.0	85.9
Less: Loss allowances	(252.9)	(230.0)	(85.9)
<b>TOTAL</b>	<b>6,333.2</b>	<b>4,804.4</b>	<b>3,750.0</b>

### Note :

- Above Trade Receivables include amount due from related parties ₹ **3,184.3 Million** (31 March 2016 ₹ 2,515.1 Million; 1 April 2015: ₹ 1,589.7 Million) - Refer Note 3.35
- The Company's exposure to credit, liquidity and market risks, and loss allowances related to Trade Receivables are disclosed in Note 3.36
- Refer Note 3.13 on Borrowings, for the details related to charge on Trade receivables.

## 3.9 : Cash and Cash Equivalents:

(Refer Note 2.18) for accounting policy

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Cash on hand	2.8	3.9	6.9
Cheques and Drafts on hand	70.8	57.1	58.6
Balance with Banks:			
In Current Accounts	26.3	13.4	184.0
In Exchange Earners' Foreign Currency Account	-	0.3	-
In Deposit Accounts with original maturity within three months	100.0	-	-
<b>TOTAL</b>	<b>199.9</b>	<b>74.7</b>	<b>249.5</b>

# NOTES

for the year ended 31st March, 2017

## 3.10 : Bank Balances Other than Cash and Cash Equivalents:

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April, 2015
Unpaid dividend account	-	0.6	-
Bank Deposits with maturity within 12 months	1,790.7	5,165.0	6,083.6
<b>TOTAL</b>	<b>1,790.7</b>	<b>5,165.6</b>	<b>6,083.6</b>

### Note:

Bank Deposits of ₹ **1,100 Million** (31 March 2016 ₹ 3,857.2 Million; 1 April 2015 ₹ 5,023.7 Million) is under lien with banks against Overdraft facilities availed.

Bank Deposits of ₹ **Nil** (31 March 2016 ₹ 1,000.0 Million; 1 April 2015 ₹ Nil) is under lien with banks against line of credit. This line of credit has not been utilised by the Company as on 31 March 2016

Bank Deposits of ₹ **110.0 Million** (31 March 2016 ₹ 110.0 Million; 1 April 2015 ₹ Nil) is under lien towards bank guarantee given to the Bombay Stock Exchange ("BSE")

Bank Deposits of ₹ **Nil** (31 March 2016 ₹ 74.6 Million; 1 April 2015 ₹ Nil) is placed as security with the Competition Commission of India ("CCI") against pending litigation. Subsequent to the balance sheet date the Competition Appellate Tribunal has set aside the CCI ruling.

Bank Deposits of ₹ **Nil** (31 March 2016 ₹ 3.4 Million; 1 April 2015 ₹ Nil) is under lien with bank against bank guarantees

## 3.11 : Other Current Assets:

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balances with Government Authorities	1,648.6	836.9	658.3
Export Incentives Receivable	211.1	204.0	110.6
Advance to Suppliers:			
Considered Good	78.9	240.5	311.6
Considered Doubtful	52.0	42.8	38.8
	<b>130.9</b>	<b>283.3</b>	<b>350.4</b>
Less: Loss allowances	(52.0)	(42.8)	(38.8)
	<b>78.9</b>	<b>240.5</b>	<b>311.6</b>
Prepaid Expenses	121.7	119.6	111.4
<b>TOTAL</b>	<b>2,060.3</b>	<b>1,401.0</b>	<b>1,191.9</b>

## 3.12 : Equity Share Capital:

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>Authorised:</b>			
250,000,000 equity shares of ₹ 2/- each (31 March 2016 250,000,000 equity shares of ₹ 2/- each; 1 April 2015 250,000,000 equity shares of ₹ 2/- each )	500.0	500.0	500.0
	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>
<b>Issued, Subscribed and Paid up:</b>			
119,565,000 equity shares of ₹ 2/- each fully paid up (31 March 2016 119,565,000 equity shares of ₹ 2 each fully paid up; 1 April 2015 119,565,000 equity shares of ₹ 2 each fully paid up)	239.1	239.1	239.1
<b>TOTAL</b>	<b>239.1</b>	<b>239.1</b>	<b>239.1</b>

# NOTES

for the year ended 31st March, 2017

## (a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the period:

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number	(₹ in Million)	Number	(₹ in Million)	Number	(₹ in Million)
At the commencement of the year	119,565,000	239.1	119,565,000	239.1	119,565,000	239.1
<b>At the end of the year</b>	<b>119,565,000</b>	<b>239.1</b>	<b>119,565,000</b>	<b>239.1</b>	<b>119,565,000</b>	<b>239.1</b>

## (b) Rights, preferences and restrictions attached to Equity Shares:

The Company has issued one class of equity shares with voting rights having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held.

On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

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

Name of the shareholders:	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number	Percentage of holding	Number	Percentage of holding	Number	Percentage of holding
Equity Shares of ₹ 2 Each (Previous Year ₹ 2 Each) held by:						
Samprada & Nanhamati Singh Family Trust	25,205,800	21.08%	-	-	-	-
Mr. Basudeo Narain Singh	8,479,950	7.09%	8,405,950	7.03%	9,528,600	7.97%
Mrs. Jayanti Sinha	7,138,220	5.97%	7,138,220	5.97%	8,573,000	7.17%
Mr. Nawal Kishore Singh	4,311,060	3.61%	4,311,060	3.61%	6,702,360	5.61%
Mr. Balmiki Prasad Singh	71,595	0.06%	6,257,355	5.23%	6,215,760	5.20%

## (d) Aggregate Number of Bonus Shares Issued for the consideration other than cash during the period of five years immediately preceding the reporting date:

During the year ended 31 March 2015, 59,782,500 Equity Shares of ₹ 2 Each fully paid up have been allotted as Bonus Shares by capitalization of General Reserves.

## 3.13 : Borrowings:

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>A. Non current borrowings</b>			
<b>Secured:</b>			
Foreign Currency Term Loans from Bank	-	-	279.0
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>279.0</b>

### Notes:

Foreign Currency Term Loan from Bank was a loan of US \$ Nil (31 March 2016 US \$ 9 Million (₹ 590.2 Million)) (1 April 2015 \$ 9 Million (₹ 562.6 Million)) which carried an interest @ applicable LIBOR plus margin (150 basis points). The Company had entered into an Interest rate swap derivative of fixed rate @ 3.57% p.a. Amount falling due for payment on 28 October 2016 and 28 October 2015 is disclosed under other current liabilities amounting to ₹ Nil (31 March 2016 ₹ 295.1 Million (1 April 2015 ₹ 281.3 Million))

The Foreign Currency Term Loan from bank of US \$ 9 Million was secured by a first pari passu charge on the movable fixed assets of the company (plant and machinery).

The above loan has been repaid during the year as per repayment schedule.

# NOTES

for the year ended 31st March, 2017

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>B. Current Borrowings</b>			
<b>Secured</b>			
Loans repayable on demand from Banks	1,080.0	1,510.6	8,269.8
	1,080.0	1,510.6	8,269.8
<b>Unsecured</b>			
Working Capital Loan from Banks	2,602.3	1,995.6	2,193.0
	2,602.3	1,995.6	2,193.0
<b>TOTAL</b>	<b>3,682.3</b>	<b>3,506.2</b>	<b>10,462.8</b>

## Notes:

### Secured:

Loans repayable on demand from Banks include:

- Cash Credit from bank for ₹ Nil (31 March 2016 ₹ 0.1 Million; 1 April 2015 ₹ 620.9 Million) and Packing Credit Foreign Currency Loan for ₹ Nil (31 March 2016 ₹ Nil; 1 April 2015 ₹ 312.5) are secured by hypothecation of inventories and trade receivables.
- Overdrafts from Banks ₹ 1,080.0 Million (31 March 2016 ₹ 245.7 Million; 1 April 2015 ₹ 7,336.4 Million) are secured against pledge of Fixed Deposits with the banks.
- Cash Credit and Overdraft Facilities carry a rate of Interest ranging between 8.50% to 10.50% p.a., computed on a monthly basis on the actual amount utilized, and are repayable on demand.

### Unsecured:

- Working Capital Loan from banks comprises of Overdraft in INR of ₹ **73.2 Million** (31 March 2016; ₹ 173.6 Million; 1 April 2015 ₹ 1,099.4 Million) and Packing Credit in Foreign Currencies of ₹ **2,529.1 Million** (31 March 2016: ₹ 1,822.0 Million; 1 April 2015: ₹ 1,093.6 Million) and are repayable on demand.
- Working Capital Loan from banks in Foreign Currency carries Interest rate in the range of 1.10% to 2.00% and those in Indian Rupees carries Interest rate in the range of 10% to 11% p.a.

## 3.14 : Provisions

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>A. Non current provisions</b>			
Provisions for employee benefits			
Gratuity (Refer Note 3.28)	404.7	314.2	258.6
Compensated absences	167.9	154.7	190.0
Provision for anticipated sales returns (Refer Note.3.32)	238.0	190.8	168.0
<b>TOTAL</b>	<b>810.6</b>	<b>659.7</b>	<b>616.6</b>
<b>B. Current provisions</b>			
Provision for wealth tax	-	-	0.8
Provision for employee benefits:			
Gratuity (Refer Note 3.28)	269.6	221.8	328.0
Compensated absences	228.2	176.3	48.2
Provision for anticipated sales returns (Refer Note.3.32)	531.6	430.0	289.5
<b>TOTAL</b>	<b>1,029.4</b>	<b>828.1</b>	<b>666.5</b>

# NOTES

for the year ended 31st March, 2017

## 3.15 : Other Non Current Liabilities

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deferred Income on government grant (Refer Note 3.45)	112.9	26.5	31.0
<b>TOTAL</b>	<b>112.9</b>	<b>26.5</b>	<b>31.0</b>

## 3.16 : TRADE PAYABLES:

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Dues to Micro and Small Enterprises (Refer Note 3.27)	629.7	240.2	27.6
Others	6,222.7	4,424.8	3,437.7
<b>TOTAL</b>	<b>6,852.4</b>	<b>4,665.0</b>	<b>3,465.3</b>

### Note:-

Due to related parties ₹ 535.7 Million (31 March 2016 ₹ 302.5 Million ; 1 April 2015 ₹ 308.4 Million)  
(Refer Note 3.35)

## 3.17 : Other Current Financial Liabilities

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current maturities of long term debts in foreign currencies (Refer Note 3.13)	-	296.5	279.0
Interest accrued but not due on borrowings	-	2.8	3.3
Employee payables	733.1	909.4	136.0
Security Deposits	111.8	98.8	90.4
Accrual for Expenses	1,101.3	715.9	650.5
Others payables*	-	30.6	-
Unpaid dividend**	-	0.6	-
<b>TOTAL</b>	<b>1,946.2</b>	<b>2,054.6</b>	<b>1,159.2</b>

### Notes:-

\* includes amount payable in excess of amount set aside for IPO related expenses recovered from shareholders whose shares were offered for sale in the initial public offering. IPO related expenses includes ₹ 15 million paid to directors as incentive. This has been subsequently refunded to shareholders whose shares were offered for sale in the initial public offering.

\*\* There are no amounts due for payment to the Investor education and protection fund ("IEPF") under Section 125 of the Companies Act, 2013.

## 3.18 : Other Current Liabilities:

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Due to statutory authorities*	331.8	256.0	194.6
Advances from customers	265.6	160.3	91.1
Unearned Guarantee Commission	-	-	16.2
Deferred Income on government grant (Refer Note 3.45)	15.6	4.5	4.8
<b>TOTAL</b>	<b>613.0</b>	<b>420.8</b>	<b>306.7</b>

### Note:-

\*Due to statutory authorities includes sales tax payable, excise duty payable, tax deducted at source payable, service tax payable, provident fund and other funds payable.

# NOTES

for the year ended 31st March, 2017

## 3.19 : Revenue From Operations:

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
<b>Sale of products- (A)</b>	46,030.4	38,971.0
Other operating revenues:		
Processing Income	27.5	11.4
Export incentives	373.0	257.1
Scrap sales	46.7	24.8
Foreign currency transactions and translation gain (net)	19.2	145.9
Government subsidy income	24.6	4.8
Royalty income	32.0	32.1
Excise duty refund	123.3	-
Miscellaneous income/receipts	7.8	63.3
<b>Total other operating revenue: - (B)</b>	<b>654.1</b>	<b>539.4</b>
<b>TOTAL (A) + (B)</b>	<b>46,684.5</b>	<b>39,510.4</b>

## 3.20: Other Income:

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Interest income on		
-Bank deposits	556.1	892.9
-Bonds and debentures at amortised cost	518.1	461.3
Dividend income on equity securities at FVTPL	0.5	8.3
Income from investment in funds	-	102.0
Gain on fair valuation of investment in Avenue Venture Capital Fund on loss of control	-	785.0
Provision no longer required, written back	-	7.5
Rental income	24.7	27.4
Net profit on sale of equity securities at FVTPL	22.8	-
Sale of brands (Refer Note 3.39)	-	205.0
Gain on fair value of investments through profit and loss	43.8	23.4
<b>TOTAL</b>	<b>1,166.0</b>	<b>2,512.8</b>

## 3.21 : Cost of Materials Consumed

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Raw material consumed	8,753.4	7,035.5
Packing material consumed	3,569.2	2,658.7
	<b>12,322.6</b>	<b>9,694.2</b>

## 3.22 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade:

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Opening Stock:		
Finished goods	2,380.8	2,238.2
Stock-in-trade	1,530.0	1,334.8
Work-in-progress	244.7	241.9
	4,155.5	3,814.9
Less: Closing stock:		
Finished goods	3,268.6	2,380.8
Stock-in-trade	2,610.4	1,530.0
Work-in-progress	395.7	244.7
	<b>6,274.7</b>	<b>4,155.5</b>
<b>TOTAL</b>	<b>(2,119.2)</b>	<b>(340.6)</b>

# NOTES

for the year ended 31st March, 2017

## 3.23 : Employee Benefits Expense:

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Salaries, wages and bonus	6,663.8	5,790.7
Contribution to provident and other funds (Refer Note 3.28)	285.3	236.7
Employees' welfare expenses	273.4	238.9
<b>TOTAL</b>	<b>7,222.5</b>	<b>6,266.3</b>

## 3.24 : Finance Cost:

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Interest expenses on		
-Bank overdraft and others	183.5	530.2
-Defined benefit liabilities (Refer Note 3.28)	38.8	40.2
Other borrowing cost	14.5	16.3
<b>TOTAL</b>	<b>236.8</b>	<b>586.7</b>

## 3.25 : Other Expenses:

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Consumption of stores and spare parts	607.3	398.3
Power and fuel	700.2	519.6
Excise duty	1,202.2	924.1
Processing charges	258.9	187.8
Contract labour charges	519.1	448.4
Rent (Refer Note 3.29)	136.0	131.2
Rates and taxes	14.1	15.2
Insurance	130.4	93.1
Marketing and promotions	3,175.7	2,386.2
Selling and distribution expenses	970.6	943.4
Legal and professional Fees	1,249.4	931.9
Sales-tax and octroi duty	172.2	174.1
Sales commission	289.1	227.9
Travelling and conveyance	1,284.1	1,165.3
Repairs:		
- Buildings	64.4	42.0
- Plant and machineries	192.0	110.5
- Others	107.9	90.7
Loss on sale of property plant and equipments (net)	17.9	113.3
Commission to director	144.0	130.0
Donation	14.5	3.9
Communication and printing expenses	198.0	156.2
Vehicle expenses	77.4	69.8
Clinical and analytical charges	477.9	451.8
Bad Debts/Advances written off	15.3	119.2
Allowances for doubtful debts	22.3	147.4
Corporate Social Responsibility (CSR) expenditure (Refer Note 3.42)	61.8	30.1
Royalty Expenses	47.2	46.4
Miscellaneous expenses (Refer Note 3.40, 3.41)	578.4	515.6
<b>TOTAL</b>	<b>12,728.3</b>	<b>10,573.4</b>

# NOTES

for the year ended 31st March, 2017

## 3.26 Contingent Liabilities and Commitments

### a) Contingent Liabilities not Provided For

Sr. No.	Particulars	(₹ in Million)		
		31 March 2017	As at 31 March 2016	1 April 2015
1	<b>Claims against the Company not acknowledged as debt:</b>			
	(i) Central Excise demand disputed in appeal :advances paid in dispute ₹ <b>41.5 Million</b> (31 March 2016 ₹ 13.7 Million; 1 April 2015 ₹ 30.8 Million)	67.6	37.7	55.3
	(ii) Sales Tax demand disputed in appeal :advances paid in dispute ₹ <b>38.0 Million</b> (31 March 2016 ₹ 78.7 Million; 1 April 2015: ₹ 3.5 Million)	152.4	482.1	7.9
	(iii) Income Tax demand disputed in appeal :advances paid dispute in ₹ Nil (31 March 2016 ₹ Nil; 1 April 2015 ₹ Nil)	283.0	445.0	426.0
	(iv) Other matters:			
	a. In relation to purchase commitments- ₹ <b>968.1 Million*</b> (31 March 2016 ₹ 968.1 Million; 1 April 2015 ₹ 968.1 Million)			
	b. Supply of Goods: ₹ <b>376.6 Million</b> (31 March 2016 ₹ 461.2 Million; 1 April 2015 ₹ 717.4 Million)**			
	c. in relation to property- ₹ <b>Nil</b> (31 March 2016 ₹ Nil; 1 April 2015 ₹ 13.8 Million)	2,093.1	1,429.3	1,699.2
	d. in relation to CCI - ₹ 746.3 Million (31 March 2016 ₹ Nil; 1 April 2015 ₹ Nil)			
	e. Alleged infringement of intellectual property - ₹ <b>2.1 Million</b> (31 March 2016 ₹ Nil; 1 April 2015 ₹ Nil)"			
2	Bonds/Debentures/Fixed Deposits pledged against loan taken by subsidiaries ( <b>Refer Note 3.2-A-5, 3.4</b> ). The loan amount outstanding as on the balance sheet date is	2,111.0	2,183.4	1,100.0
3	Corporate Guarantee given in respect of credit facility sanctioned by bank in favour of subsidiary company aggregating to AUD 5.5 Million	272.7	-	-
	<b>Total</b>	<b>4,979.8</b>	<b>4,577.5</b>	<b>3,288.4</b>

Management considers that the excise duty, custom duty, sales tax and income tax demands received from the authorities are not tenable against the Company, and therefore no provision for these tax contingencies have been made.

\* Claim from vendor in relation to compliance with contractual purchase commitment and alleged infringement of intellectual property

\*\* Claim from customer in relation to product quality issues and packing norms in recipient country.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required and disclosed as contingent liabilities wherever applicable, in its financial statement. The Company does not expect the outcome of these proceedings to have materially adverse effect on its financial statements.

### b) Commitments

Sr. No.	Particulars	(₹ in Million)		
		31 March 2017	As at 31 March 2016	1 April 2015
1	Estimated amount of contracts remaining to be executed on Capital Accounts - advance paid ₹ <b>36.7 Millions</b> (31 March 2016 ₹ 241.9 Millions ;1 April 2015 ₹ 58.8 Million)	1,560.0	1,697.3	142.4
2	Calls in respect of partly paid up shares issued by a subsidiary company	12.1	148.1	18.5
3	Uncalled/ Unpaid contribution towards investment in funds ( <b>Refer Note.3.2</b> )	26.5	75.1	136.6
4	Other Commitments: Commitment towards research and development - USD 4.7 Millions (31 March 2016 USD 5.2 Million; 1 April 2015 USD 2.5 Million)	305.5	345.5	156.3
5	Letter of Credit opened by the Banks	369.9	532.1	202.2
6	Outstanding Bank Guarantees	297.9	184.8	51.0
7	Pending Export Obligation under advance licence/ EPCG Scheme	115.7	49.9	7.8
8	Other Commitments - Non Cancellable Operating Lease ( <b>Refer Note. 3.29</b> )			

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for the year ended 31st March, 2017

## 3.27 Dues to Micro and Small enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro and Small Enterprises. On the basis of the information and records available with the Management, the outstanding dues to the Micro & Small enterprises as defined in MSMED are set out in following disclosure.

Sr. No.	Particulars	(₹ in Million)		
		As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
1	Principal amount remaining unpaid to any supplier as at the year end	629.7	240.2	27.6
2	Interest due thereon	6.3	3.5	1.0
3	The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-	-
4	The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-	-
5	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-	-
6	The amount of interest accrued and remaining unpaid at the end of each accounting year.	6.3	3.5	1.0
7	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	6.3	3.5	1.0

## 3.28 Disclosure of Employee Benefits as per Indian Accounting Standard 19 is as under:

### i) Defined contribution plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The provident fund plan is operated by the Government administered employee provident fund. Eligible employees receive the benefits from the said Provident Fund. Both the employees and the Company make monthly contribution to the Provident Fund plan equal to a specific percentage of the covered employee's salary. The Company has no obligations other than to make the specified contributions.

The Superannuation fund is administered by the Life Insurance Corporation of India (LIC). Under the plan, the Company is required to contribute pre determined percentage of payroll cost of the eligible employee to the superannuation plan to fund the benefit.

The Company has recognised the following amounts in the statement of Profit and Loss

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
- Contribution to Provident Fund	261.6	214.9
- Contribution to Superannuation fund	2.1	2.7
- Contribution to Employee state insurance corporation	21.6	19.2
<b>TOTAL</b>	<b>285.3</b>	<b>236.8</b>

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for the year ended 31st March, 2017

## ii) Defined benefit plan:

The Company earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

- a) On Normal retirement/ early retirement/ withdrawal/resignation:  
As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.
- b) On death in service:  
As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity was carried out as at 31 March 2017 by an independent actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31 March 2017

		(₹ in Million)		
Sr. No.	Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>I)</b>	<b>Reconciliation in present value of obligations (PVO) – defined benefit obligation :</b>			
	Current Service Cost	75.5	65.7	94.0
	Interest Cost	38.8	40.2	42.9
	Actuarial (gain) / losses	56.1	(0.7)	76.3
	Benefits paid	(32.1)	(155.9)	(35.9)
	PVO at the beginning of the year	536.0	586.7	409.4
	PVO at end of the year	674.3	536.0	586.7
<b>II)</b>	<b>Reconciliation of PVO and fair value of plan assets:</b>			
	PVO at end of year	674.3	536.0	586.7
	Actuarial gain/(losses)	-	-	-
	Funded status	(674.3)	(536.0)	(586.7)
	Unrecognised actuarial gain/ (loss)	-	-	-
	Net asset/ (liability) recognised in the balance sheet	(674.3)	(536.0)	(586.7)

		(₹ in Million)	
Sr. No.	Particulars	As at 31 March 2017	As at 31 March 2016
<b>III)</b>	<b>Net cost for the year</b>		
	Current Service cost	75.5	65.7
	Interest cost	38.8	40.2
	Expected return on plan assets	-	-
	Actuarial (gain) / losses	56.1	(0.7)
	Net cost	170.4	105.2
<b>IV)</b>	<b>Assumption used in accounting for the gratuity plan:</b>		
	Discount rate (%)	6.69	7.46
	Salary escalation rate (%)	6.25	6.25

**Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Salary Escalation Rate:** The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

# NOTES

for the year ended 31st March, 2017

The amounts of the present value of the obligation and experience adjustment arising on plan liabilities are as below :

Particulars	(₹ in Million)				
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
Defined Benefit Obligation at end of the period	674.3	536.0	586.7	409.4	366.1
Experience gain/loss adjustment on plan liabilities	36.5	(11.2)	(16.4)	(48.9)	12.5
Actuarial gain/(loss) due to change in assumption	19.6	10.6	92.7	31.3	(60.5)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	(₹ in Million)			
	As at 31 March 2017		As at 31 March 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	25.1	(27.9)	18.9	(20.9)
Future salary growth (1% movement)	(25.8)	23.6	(19.5)	17.9

**3.29** The Company has entered into non - cancellable operating lease agreements for premises/car/Computers. Rent expenses debited to the Statement of Profit and Loss is as below:

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Rent expense	136.0	131.2
<b>Total</b>	<b>136.0</b>	<b>131.2</b>

The future minimum lease payments in respect of the non cancellable lease agreements as on the year end is as below:

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Not later than one year	14.9	25.4
Later than one year but not later than five years	19.3	42.9
Later than five years	-	1.0
<b>Total</b>	<b>34.2</b>	<b>69.3</b>

**3.30** The aggregate amount of revenue expenditure incurred during the period on Research and Development and shown in the respective heads of account is ₹ 2,886.6 Million (Previous year ₹ 2,020.1 Million).

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for the year ended 31st March, 2017

## 3.31 Earnings per share (EPS)

Particulars			For the Year ended	For the Year ended
			31 March 2017	31 March 2016
Profit /(loss) after tax attributable to equity shareholders	₹ in Million	A	8,831.6	7,001.9
Weighted average number of equity shares outstanding during the year	Nos.	B	119,565,000	119,565,000
Basic and diluted earnings per equity share (₹) - Face value of ₹ 2 per share	In ₹	(A / B)	73.86	58.56

## 3.32 Disclosure As per Indian Accounting Standard (Ind AS 37) for provisions is as under:

### Provision for anticipated sales return:

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Carrying amount at the beginning of the year	620.8	457.5	-
Add: Provision made during the year	574.4	454.4	457.5
Less: Amount used/utilized during the year	425.6	291.1	-
Carrying amount at the end of the year	769.6	620.8	457.5

## 3.33 Dividend paid and proposed:

### Dividends on equity shares were declared and paid by the company during the year

Particulars	Dividend Per	Year ended	Dividend Per	Year ended
	Equity Shares (₹)	31 March, 2017	Equity Shares (₹)	31 March, 2016
Dividend on Equity Shares	6.00	717.4	12.70	1,518.5
Dividend Distribution Tax		146.0		309.0
<b>Total</b>		<b>863.4</b>		<b>1,827.5</b>

After the reporting dates the following dividends (excluding dividend distribution tax) were proposed by the directors subject to the approval at the annual general meeting; the dividends have not been recognised as liabilities. Dividends would attract dividend distribution tax when declared or paid.

Particulars	Dividend Per Equity	Year ended
	Shares (₹)	31 March, 2017
Final Dividend on Equity Shares	9.00	1,076.1
Dividend Distribution Tax		219.0
<b>Total</b>		<b>1,295.1</b>

## 3.34 Segment Reporting

The Company has presented data relating to its segments based on its consolidated financial statements, Accordingly, in terms of paragraph 4 of the Indian Accounting Standard 108 (IND AS-108) "Segment Reporting", no disclosures related to segments are presented in this standalone financial statement.

**3.35** Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures for the year ended 31 March 2017.

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for the year ended 31st March, 2017

## A. List of related parties and their relationship

Name of Related Party	Principal Place of Business	% Shareholding and Voting Power		
		As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>A Subsidiaries and Step down Subsidiaries</b>				
Alkem Laboratories (NIG) Limited	Nigeria	100%	100%	100%
Alkem Laboratories (PTY) Limited	South Africa	100%	100%	100%
Alkem Pharma GmbH	Germany	100%	100%	100%
Alkem Laboratories Corporation	Philippines	100%	100%	100%
S & B Holdings B.V.	Netherlands	100%	100%	100%
Pharmacor Pty Limited	Australia	100%	100%	100%
ThePharmaNetwork, LLC ( Wholly owned Subsidiary of S&B Holdings B.V)	United States of America	100%	100%	100%
Ascend Laboratories SDN BHD.	Malaysia	100%	100%	100%
Ascend Laboratories SpA	Chile	100%	100%	100%
Enzene Biosciences Ltd.	India	100%	100%	100%
Alkem Laboratories Korea Inc	Korea	100%	100%	100%
Pharmacor Ltd.	Kenya	100%	100%	100%
S & B Pharma Inc.	United States of America	100%	100%	100%
The PharmaNetwork, LLP	Kazakhstan	100%	100%	100%
Ascend Laboratories, LLC ( Wholly owned by ThePharmanetwork, LLC)	United States of America	100%	100%	100%
Alkem Real Estate LLP (up to 11 September 2015)	India	NA	NA	99%
Ascend Laboratories (UK) Ltd.	United Kingdom	100%	100%	100%
Cachet Pharmaceuticals Pvt. Ltd	India	58.8%	51%	51%
Indchemie Health Specialities Pvt. Ltd.	India	51%	51%	51%
Avenue Venture Real Estate Fund (till 9 March 2016) - Refer sub note 3 of Note 3.2	India	100%	100%	100%
<b>B Joint Ventures (Refer sub note 3 of Note 3.2)</b>				
India Golf Assets Private Limited (till 9 March 2016)	India	85%	85%	85%
BBCL Srishti Homes LLP (till 9 March 2016)	India	80%	80%	80%
Casa Grande Realtors LLP (till 9 March 2016)	India	80%	80%	80%
Ennergia Skyi Ventures LLP (till 9 March 2016)	India	50%	50%	50%
Rohan Procon LLP (till 9 March 2016)	India	66%	66%	66%
Vastushodh Infrastructures LLP (till 9 March 2016)	India	80%	80%	80%
Casa Grande Shelter LLP (till 31 October 2015)	India	0%	0%	84%

<b>C Key Managerial Personnel ("KMP")</b>		<b>D. Relatives of Key Management Personnel ("KMP") with whom transactions have taken place during the year.</b>	
Mr. Samprada Singh	Chairman Emeritus	Mr. Satish Kumar Singh	Son of Samprada Singh
Mr. Basudeo Narain Singh	Executive Chairman	Mrs. Jayanti Sinha	Sister of Samprada Singh
Mr. Balmiki Prasad Singh	Director	Mrs. Archana Singh	Daughter of Basudeo Narain Singh
Mr. Dhananjay Kumar Singh	Joint Managing Director	Mr. Sarandhar Singh	Son of Balmiki Prasad Singh
Mr. Mrityunjay Kumar Singh	Director	Mr. Srinivas Singh	Son of Balmiki Prasad Singh
Mr. Sandeep Singh	Joint Managing Director	Mr. Sarvesh Singh	Brother of Sandeep Singh
Mr. M.C.Shah	Independent Director	Mrs. Manju Singh	Wife of Balmiki Prasad Singh
Mr. A.K.Purwar	Independent Director	Mrs. Premlata Singh	Mother of Sandeep Singh
Mr. A.M.Prasad	Independent Director	Mrs. Madhurima Singh	Wife of Dhananjay Kumar Singh
Mr. R.L.Shenoy	Independent Director	Mrs. Seema Singh	Wife of Mritunjay Kumar Singh
Ms. Sangeeta Singh	Independent Director	Ms. Divya Singh	Daughter of Dhananjay kumar Singh
Ms. Sudha Ravi	Independent Director	Mst. Aniruddha Singh	Son of Dhananjay Kumar Singh
Mr. Prabhat Agrawal	Chief Executive Officer	Ms. Meghna Singh	Daughter of Mritunjay Kumar Singh
Mr. Rajesh Dubey	Chief Financial Officer	Shrey Shree Anant Singh	Son of Mritunjay Kumar Singh
Mr. Manish Narang	Compliance Officer	Ms. Inderjit Arora	Wife of Sandeep Singh
		Mrs. Rekha Singh	Wife of Basudeo Narain Singh
		Mr. Nawal Kishore Singh	Son of Samprada Singh

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for the year ended 31st March, 2017

**D Entities in which Key Management Personnel's and their relatives have significant influence and with whom transactions have taken place during the year ("Entities"):**  
M/s Galpha Laboratories Ltd.,  
M/s. Samprada Singh (HUF)

## Details of Transactions with Related Parties

(₹ in Million)

Sr. No.	Particulars	Year ended 31 March 2017				Total
		Subsidiaries/ Step down subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Entities	
		a	b	c	d	
1	Remuneration*	-	519.4	84.0	-	603.4
		-	(409.7)	(90.1)	-	(499.8)
2	Purchase of stock in trade	1,501.6	-	-	326.6	1,828.2
		(1,694.9)	-	-	(383.0)	(2,077.9)
3	Sale of Finished Goods	6,444.4	-	-	11.8	6,456.2
		(4,944.1)	-	-	(28.3)	(4,972.4)
4	Sale of Raw and Packing Materials	35.9	-	-	4.1	40.0
		(20.9)	-	-	(7.7)	(28.6)
5	Purchase of Raw and Packing Materials	6.8	-	-	82.9	89.7
		(2.4)	-	-	(49.5)	(51.9)
6	Services received	753.9	-	-	0.5	754.4
		(338.7)	-	-	(15.8)	(354.5)
7	Services rendered	0.2	-	-	8.8	9.0
		(0.3)	-	-	(11.1)	(11.4)
8	Rental Income	14.6	-	-	3.3	17.9
		(13.9)	-	-	(3.3)	(17.2)
9	Rent Expenses	-	0.6	3.5	-	4.1
		-	(0.6)	(3.2)	-	(3.8)
10	Investments made	3,158.2	-	-	-	3,158.2
		(602.9)	-	-	-	(602.9)
11	Dividend paid	-	197.0	227.0	0.9	424.9
		-	(416.3)	(580.3)	(1.9)	(998.5)
12	Loans Given	20.8	-	-	-	20.8
		(255.6)	(3.0)	-	-	(258.6)
13	Loans Repaid by	76.8	1.2	-	-	78.0
		(3.1)	(4.2)	-	-	(7.3)
14	Sale of Assets/Assets under construction	0.5	-	-	-	0.5
		(3.6)	-	-	-	(3.6)
15	Purchase of Assets	6.5	-	-	-	6.5
		-	-	-	-	-
16	Guarantee Commission	27.4	-	-	-	27.4
		-	-	-	-	-

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for the year ended 31st March, 2017

(₹ in Million)

Sr. No.	Particulars	Year ended 31 March 2017				Total
		Subsidiaries/ Step down subsidiaries a	Key Management Personnel b	Relatives of Key Management Personnel c	Entities d	
17	Refund of share application money	-	-	-	-	-
		(8.6)	-	-	-	(8.6)
18	Reimbursement of expenses to	252.3	-	-	-	252.3
		(146.3)	-	-	-	(146.3)
19	Reimbursement of expenses from	27.8	-	-	0.9	28.7
		(20.0)	-	-	(0.3)	(20.3)
20	Interest income on loans given	32.1	-	-	-	32.1
		(104.6)	(0.2)	-	-	(104.8)
21	Bonds/Debentures/Fixed Deposits pledged against loan taken	1,433.0	-	-	-	1,433.0
		(1,633.0)	-	-	-	(1,633.0)
22	Dividend received	-	-	-	-	-
		(7.7)	-	-	-	(7.7)
23	Corporate Gurantee given to subsidiary	272.7	-	-	-	272.7
		-	-	-	-	-
24	Proceeds from real estate fund	-	-	-	-	-
		(389.2)	-	-	-	(389.2)

## \*Key management personnel Remuneration

Key management personnel remuneration comprised the following :

(₹ in Million)

Particulars	Year ended	Year ended
	31 March 2017	31 March 2016
Short term employee benefits	349.8	301.7
Post-employment benefits	20.2	9.9
Other long-term benefits	1.8	(35.1)
Remuneration paid to Chairman Emeritus	140.5	125.9
Commission/sitting fees to independent director	7.2	7.3

Based on the recommendation of the Nomination and Remuneration committee, all decisions relating to the remuneration of the directors are taken by the Board of Directors of the Company, in accordance with shareholders' approval, wherever necessary.

All other related party transactions are made in the normal course of business and on terms equivalent to those that prevail in an arm's length transactions.

Figures in the brackets are the comparative figures of the previous year.

## Significant Related party transaction

(₹ in Million)

Sr. No.	Particulars	Related Party relation	Year ended	Year ended
			31 March 2017	31 March 2016
1	Purchase of stock in trade			
	Cachet Pharmaceuticals Pvt. Ltd.	Subsidiary	528.6	735.8
	Indchemie Health Specialties Pvt. Ltd.	Subsidiary	973.0	958.6
	Galpha Laboratories Limited	Entities	326.6	383.0
2	Sale of Finished Goods			

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for the year ended 31st March, 2017

		(₹ in Million)		
Sr. No.	Particulars	Related Party relation	Year ended 31 March 2017	Year ended 31 March 2016
	Ascend Laboratories, LLC, USA	Step Down Subsidiary	5,473.1	4,075.8
3	Investments made			
	S&B Pharma Inc., USA	Subsidiary	1,549.6	-
	Enzene Biosciences Ltd. India	Subsidiary	1,032.6	488.8

## Balance due from / to the related Parties

		(₹ in Million)				
		As at 31 March 2017				
Sr. No.	Particulars	Subsidiaries/ Step down subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Entities	Total
1	Outstanding Receivables (net of provision for doubtful debts of ₹ 105.2 million)	3,184.3	-	-	-	3,184.3
2	Outstanding Payables	742.7	-	-	82.2	824.9
3	Investments	9,663.1	-	-	-	9,663.1
4	Loans Receivable (net of provision for doubtful advances of ₹ 52.8 million)	335.5	6.7	-	-	342.2
5	Other current financial assets	68.5	-	-	-	68.5

		(₹ in Million)				
		As at 31 March 2016				
Sr. No.	Particulars	Subsidiaries/ Step down subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Entities	Total
1	Outstanding Receivables (net of provision for doubtful debts of ₹ 108.0 million)	2,515.1	-	-	-	2,515.1
2	Outstanding Payables	306.1	-	-	43.7	349.8
3	Investments	6,504.9	-	-	-	6,504.9
4	Loans Receivable (net of provision for doubtful advances of ₹ 35.2 million)	1,317.5	7.9	-	-	1,325.4

		(₹ in Million)				
		As at 1 April 2015				
Sr. No.	Particulars	Subsidiaries/ Step down subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Entities	Total
1	Outstanding Receivables	1,589.7	-	-	-	1,589.7
2	Outstanding Payables	254.6	-	-	53.8	308.4
3	Investments	5,910.5	-	-	-	5,910.5
4	Loans Receivable	884.6	12.1	-	-	896.7

### Note:

- The Company's international transactions with related parties are at arm's length as per the independent accountants report for the year ended 31 March 2016. Management believes that the Company's international transactions and domestic transactions with related parties post 31 March 2016 continue to be at arm's length and that the transfer pricing legislation will not have any material impact on these financial statements, particularly on amount of tax expense and that of provision for taxation.

## 2 Disclosures pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

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for the year ended 31st March, 2017

## Regulations, 2015 and Section 186 of the Companies Act, 2013 (hereinafter referred to as "Act")

### a) Loans and Advances in the nature of loans to subsidiaries (net of provision for doubtful advances) \*

						(₹ in Million)
Sr. No.	Transactions	Relationship	As at 31 March 2017	Maximum balance outstanding during the year	As at 31 March 2016	As at 1 April 2015
i	Alkem Laboratories (NIG) Limited	Wholly Owned Subsidiary	-	7.0	7.0	35.6
ii	Alkem Laboratories Corporation	Wholly Owned Subsidiary	191.3	191.3	155.3	101.7
iii	Alkem Pharma GmbH	Wholly Owned Subsidiary	2.2	2.2	1.4	0.7
iv	Pharmacor Pty Limited	Wholly Owned Subsidiary	-	55.7	45.7	39.6
v	Enzene Biosciences Ltd.	Wholly Owned Subsidiary	-	532.6	522.5	253.8
vi	Ascend Laboratories SpA	Wholly Owned Subsidiary	142.0	142.0	126.8	64.7
vii	S & B Pharma Inc.	Wholly Owned Subsidiary	-	468.1	439.5	374.8
viii	The PharmaNetwork, LLP	Wholly Owned Subsidiary	-	16.1	19.4	13.7

\*The above loans given during the year are given towards meeting working capital requirements and are repayable in accordance with the terms and conditions of loan agreements carries an interest rate of 9% p.a. for foreign subsidiaries and 10% p.a. for Indian subsidiaries

b) Details of investments made under section 186 of the Act are given in Note 3.2 "Non Current Investments".

c) Securities pledged against loan taken by subsidiaries \*\*

						(₹ in Million)
Sr. No.	Transactions	Relationship	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	
i	ThePharmaNetwork, LLC	Wholly owned Subsidiary of S&B Holdings B.V.	538.3	805.1	1,387.5	
ii	S & B Pharma Inc.	Wholly Owned Subsidiary	753.6	644.1	-	
iii	Ascend Laboratories SpA	Wholly Owned Subsidiary	86.1	128.8	-	
iv	Cachet Pharmaceuticals Pvt. Ltd	Subsidiary	55.0	55.0	-	

\*\*The securities pledged against loans taken by subsidiaries are for the purpose of meeting working capital requirements

d) The Company has issued corporate guarantee to its wholly owned subsidiary, Pharmacor Pty Limited, Australia amounting to

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for the year ended 31st March, 2017

₹ 272.7 Million (5.5 Million AUD) (31 March 2016 ₹ Nil; 1 April 2015 ₹ Nil) in respect of term loan taken to meet working capital requirements.

## 3.36 Financial instruments – Fair values and risk management

### A. Accounting classification and fair values

The Company uses the following hierarchic structure of valuation methods to determine and disclose information about the fair value of financial instruments:

**Level 1:** Observable prices in active markets for identical assets and liabilities;

**Level 2:** Observable inputs other than quoted prices in active markets for identical assets and liabilities;

**Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities

								(₹ in Million)
								As at 31st March 2017
				Fair value				
Carrying amount								
FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total	
<b>Financial assets</b>								
Cash and cash equivalents	-	-	199.9	199.9	-	-	-	
Other Bank Balances	-	-	1,790.7	1,790.7	-	-	-	
Non-current investments	446.9	-	11,965.4	12,412.3	-	155.9	291.0	
Current investments	2,756.0	-	8.1	2,764.1	-	-	2,756.0	
Non current loans	-	-	404.4	404.4	-	-	-	
Current loans	-	-	144.9	144.9	-	-	-	
Trade receivables	-	-	6,333.2	6,333.2	-	-	-	
Other Non-current financial assets	-	-	2,915.5	2,915.5	-	-	-	
Other Current financial assets	-	-	415.1	415.1	-	-	-	
	<b>3,202.9</b>	<b>-</b>	<b>24,177.2</b>	<b>27,380.1</b>	<b>-</b>	<b>155.9</b>	<b>3,047.0</b>	
							<b>3,202.9</b>	
<b>Financial liabilities</b>								
Current borrowings	-	-	3,682.3	3,682.3	-	-	-	
Trade payables	-	-	6,852.4	6,852.4	-	-	-	
Other Current financial liabilities	-	-	1,946.2	1,946.2	-	-	-	
	<b>-</b>	<b>-</b>	<b>12,480.9</b>	<b>12,480.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	

								(₹ in Million)
								As at 31st March 2016
				Fair value				
Carrying amount								
FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total	
<b>Financial assets</b>								
Cash and cash equivalents	-	-	74.7	74.7	-	-	-	
Other Bank Balances	-	-	5,165.6	5,165.6	-	-	-	
Non-current investments	337.6	-	8,509.9	8,847.5	-	58.4	279.2	
Current investments	2,719.3	-	9.9	2,729.2	-	-	2,719.3	
Non current loans	-	-	1,386.4	1,386.4	-	-	-	
Current loans	-	-	82.0	82.0	-	-	-	
Trade receivables	-	-	4,804.4	4,804.4	-	-	-	
Other Non-current financial assets	-	-	1,910.4	1,910.4	-	-	-	
Other Current financial assets	-	-	636.8	636.8	-	-	-	
	<b>3,056.9</b>	<b>-</b>	<b>22,580.1</b>	<b>25,637.0</b>	<b>-</b>	<b>58.4</b>	<b>2,998.5</b>	
							<b>3,056.9</b>	
<b>Financial liabilities</b>								
Non current borrowings (Including current maturity of Long term debts)	-	-	296.5	296.5	-	296.5	-	
Current borrowings	-	-	3,506.2	3,506.2	-	-	-	

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for the year ended 31st March, 2017

Trade payables	-	-	4,665.0	4,665.0	-	-	-	-
Other Current financial liabilities	-	-	1,758.1	1,758.1	-	-	-	-
	-	-	<b>10,225.8</b>	<b>10,225.8</b>	-	<b>296.5</b>	-	<b>296.5</b>

(₹ in Million)

	As at 1 April 2015							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	249.5	249.5	-	-	-	-
Other Bank Balances	-	-	6,083.6	6,083.6	-	-	-	-
Non-current investments	231.6	-	9,927.7	10,159.3	-	34.8	196.8	231.6
Current investments	56.1	-	562.5	618.6	56.1	-	-	56.1
Non current loans	-	-	935.6	935.6	-	-	-	-
Current loans	-	-	65.2	65.2	-	-	-	-
Trade receivables	-	-	3,750.0	3,750.0	-	-	-	-
Other Non-current financial assets	-	-	4,639.4	4,639.4	-	-	-	-
Other Current financial assets	-	-	426.8	426.8	-	-	-	-
	<b>287.7</b>	-	<b>26,640.3</b>	<b>26,928.0</b>	<b>56.1</b>	<b>34.8</b>	<b>196.8</b>	<b>287.7</b>
<b>Financial liabilities</b>								
Non current borrowings (Including current maturity of Long term debts)	-	-	558.0	558.0	-	558.0	-	558.0
Current borrowings	-	-	10,462.8	10,462.8	-	-	-	-
Trade payables	-	-	3,465.3	3,465.3	-	-	-	-
Other Current financial liabilities	-	-	880.2	880.2	-	-	-	-
	-	-	<b>15,366.3</b>	<b>15,366.3</b>	-	<b>558.0</b>	-	<b>558.0</b>

## B. Measurement of fair values

The Management assessed that cash and bank balances, trade receivables, trade payables, cash credit and other financial assets and liabilities approximate their carrying amounts largely due to short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair value

- The fair value of the quoted investments/units of mutual fund scheme are based on market price/net asset value at the reporting date.
- The fair value of the remaining financial instrument is determined using discounted cash flow analysis. The discount rates used is based on management estimates.

The significant unobservable inputs used to determine the fair value of investment in fund together with the quantitative sensitivity analysis as at 31 March 2017; 31 March 2016 and 1 April 2015 are as shown below:

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for the year ended 31st March, 2017

Type	Level	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Units of Avenue Venture Real Estate Fund	Level 3	Income approach (Discounted cash flow method): The valuation model is based on expected EBITDA of the investee.	Revenue, Cost of construction, absorption timelines	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> <li>the sale price were higher (lower);</li> <li>the cost of construction were lower (higher); or</li> <li>the absorption timelines will decrease (increase).</li> </ul>

There have been no transfers between Level 1 and Level 2 during the period

### Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values of Investment in avenue venture real estate fund.

Particulars	(₹ in million)
Opening Balance (9 March 2016)	1,934.0
Net change in fair value (unrealised)	785.0
Closing Balance (31 March 2016)	2,719.0
Opening Balance(1 April 2016)	2,719.0
Net change in fair value (unrealised)	37.0
Closing Balance (31 March 2017)	2,756.0

### Transfer out of Level 3

There has been no transfer out of Level 3 during the period

### Sensitivity analysis

For the fair values of Avenue venture real estate fund investment possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

Significant unobservable inputs	March 31, 2017 Profit or loss		March 31, 2016 Profit or loss	
	Increase	Decrease	Increase	Decrease
Sale Price - 5%	107.3	(130.6)	75.5	(90.1)
Cost of Construction - 5%	(85.7)	65.4	(61.8)	45.9
Absorption Timelines - 1 Year	(478.9)	177.3	(416.6)	100.0

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

#### i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its

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training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

## ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/investing activities, including investments in debt securities, deposits with banks, equity securities and venture capital and mutual

fund investments. The Company has no significant concentration of credit risk with any counterparty.

The carrying amount of following financial assets represents the maximum credit exposure:

### Trade receivables

Trade receivables are consisting of a large number of customers. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly.

At March 31, 2017, the maximum exposure to credit risk for trade receivables by geographic region was as follows.

	(₹ in Million)		
	31 March 2017	31 March 2016	1 April 2015
India	2,631.4	1,901.7	1,834.5
US	2,780.9	1,667.9	966.6
Other regions	920.9	1,234.8	948.9
	<b>6,333.2</b>	<b>4,804.4</b>	<b>3,750.0</b>

The Company's exposure to credit risk for trade receivables by type of counter party is as follows:

	(₹ in Million)		
	31 March 2017	31 March 2016	1 April 2015
Stockists/distributors	3,148.9	2,289.3	2,160.3
Subsidiaries	3,184.3	2,515.1	1,589.7
	<b>6,333.2</b>	<b>4,804.4</b>	<b>3,750.0</b>

At 31 March 2017, the carrying amount of the Company's most significant customer (Ascend Laboratories LLC, its wholly owned step-down subsidiary) is ₹ **2,650.2 million** (31 March 2016 ₹ 1,646.1 million ;1 April 2015 ₹ 963.5 million)

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for the year ended 31st March, 2017

## Impairment

As per simplified approach the Company makes provision of expected credit losses on trade receivable using a provision matrix to mitigate the risk of default payment and make appropriate provision at each reporting date wherever.

At March 31, 2017, the ageing of trade receivables that were not impaired was as follows.

	(₹ in Million)		
	31 March 2017	31 March 2016	1 April 2015
Not past due	5,103.8	2,650.2	2,287.5
Past due 1–180 days	1,130.3	1,868.8	1,138.7
Past due more than 180 days	99.1	285.4	323.8
	<b>6,333.2</b>	<b>4,804.4</b>	<b>3,750.0</b>

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

	(₹ in million)			
	31 March 2017		31 March 2016	
	Individual impairments	Collective impairments	Individual impairments	Collective impairments
Balance as at the beginning of the year	179.0	50.9	31.9	54.0
Impairment loss recognised	29.0	(6.0)	147.1	(3.1)
Amounts written off	-	-	-	-
Balance as at the end of the year	<b>208.0</b>	<b>44.9</b>	<b>179.0</b>	<b>50.9</b>

## Loans to subsidiaries

The Company has an exposure of ₹ **335.5 million** as 31 March 2017 (₹ 1,317.5 million : 31 March 2016; ₹ 884.6 Million 1 April 2015) for loans given to subsidiaries. Such loans are classified as financial asset measured at amortised cost.

The Company did not have any amounts that were past due but not impaired at 31 March 2017 or 31 March 2016. The Company has no collateral in respect of these loans.

## Investments, Cash and Cash equivalents and Bank Deposits

Credit risk on cash and cash equivalents, deposits with banks is generally low as the said deposits have been made with the banks who have been assigned high credit rating by international and domestic credit rating agencies.

Investments of surplus funds are made only with approved financial institutions. Investments primarily include investments in subsidiaries, mutual funds, venture capital funds, quoted bonds and non-convertible debentures. These mutual funds and counterparties have low credit risk.

Total non-current and current investments as on 31 March 2017 is ₹ **15,176.4 million** (31 March 2016: ₹ 11,576.8 million; 1 April 2015 ₹ 10,777.9 million)

## Debt securities:

The Company has an exposure of ₹ **2,310.3 million** as at 31 March 2017 (₹ 2,014.9 million : 31 March 2016; ₹ 2,358.2 million as at 1 April 2015) for debt securities classified as financial asset measured at amortised cost. All the debt securities have been issued by companies registered in India in Indian Rupees.

There has been no allowance for impairment in respect of such debt securities - financial asset measured at amortised cost till 31 March 2017.

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for the year ended 31st March, 2017

## Credit Rating of debt securities is given below:

Credit Rating	(₹ in Million)		
	31 March 2017	31 March 2016	1 April 2015
A +	20.0	20.0	20.0
AA	205.1	206.2	207.9
AA -	150.0	150.0	200.0
AA +	20.7	21.0	21.4
AAA	1,896.4	1,597.9	1,889.0
Not Rated	18.1	19.8	19.9
<b>Total</b>	<b>2,310.3</b>	<b>2,014.9</b>	<b>2,358.2</b>

The Company did not have any debt securities that were past due but not impaired at 31 March 2017, 31 March 2016 and 1 April 2015. The Company has no collateral in respect of these investments.

### iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The majority of the Company's trade receivables are due for maturity within 21 days from the date of billing to the customer. Further, the general credit terms for trade payables are approximately 45 days. The difference between the above mentioned credit period provides sufficient headroom to meet the short-term working capital needs for day-to-day operations of the Company. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, are retained as Cash and Investment in short term deposits with banks. The said investments are made in instruments with appropriate maturities and sufficient liquidity.

### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

31 March 2017	(₹ in million)						
	Carrying amount	Total	Contractual cash flows				
2 months or less			2-12 months	1-2 years	2-5 years	More than 5 years	
<b>Non-derivative financial liabilities</b>							
Working capital loans from banks	3,682.3	3,682.3	3,682.3	-	-	-	-
Trade payables	6,852.4	6,852.4	6,852.4	-	-	-	-
Other Current financial liabilities	1,946.2	1,946.2	1,946.2	-	-	-	-

31 March 2016	(₹ in million)						
	Carrying amount	Total	Contractual cash flows				
2 months or less			2-12 months	1-2 years	2-5 years	More than 5 years	
<b>Non-derivative financial liabilities</b>							
Foreign currency term loans from banks	296.5	296.5	-	296.5	-	-	-
Working capital loans from banks	3,506.2	3,506.2	3,506.2	-	-	-	-
Trade payables	4,665.0	4,665.0	4,665.0	-	-	-	-
Other Current financial liabilities	1,758.1	1,758.1	1,758.1	-	-	-	-
<b>Derivative financial liabilities</b>							
Interest rate swap							
- Outflow	-	(6.0)	(1.7)	(4.3)	-	-	-
- Inflow	-	4.3	1.2	3.1	-	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The

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for the year ended 31st March, 2017

disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement

1 April 2015	(₹ in million)						
	Carrying amount	Total	Contractual cash flows				
2 months or less			2-12 months	1-2 years	2-5 years	More than 5 years	
<b>Non-derivative financial liabilities</b>							
Foreign currency term loans from banks	558.0	558.0	-	279.0	279.0	-	-
Working capital loans from banks	10,462.8	10,462.8	10,462.8	-	-	-	-
Trade payables	3,465.3	3,465.3	3,465.3	-	-	-	-
Non-current investments	880.2	880.2	880.2	-	-	-	-
<b>Derivative financial liabilities</b>							
<b>Interest rate swap</b>							
- Outflow	-	(21.3)	(3.3)	(12.3)	(5.7)	-	-
- Inflow	-	15.1	2.3	8.7	4.1	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement

#### iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

#### Currency risk

The Company is exposed to currency risk on account of its borrowings, other payables, receivables and loans and advances in foreign currency. The functional currency of the Company is Indian Rupee. The Company has exposure to USD, EURO, GBP and AUD. The Company has formulated hedging policy for monitoring its foreign currency exposure.

#### Exposure to currency risk

The currency profile of financial assets and financial liabilities as at March 31, 2017, March 31, 2016 and April 1, 2015 in there respective currencies are as below:

	March 31 2017 EURO	March 31 2017 GBP	March 31 2017 USD	March 31 2017 AUD	March 31 2017 JPY	March 31 2017 CHF
<b>Financial assets</b>						
Non-current loans	131,676	943	9,703,186	-	-	815,948
Trade and other receivables	1,160,236	411,466	53,078,382	5,388,418	-	-
	<b>1,291,912</b>	<b>412,409</b>	<b>62,781,568</b>	<b>5,388,418</b>	-	<b>815,948</b>
<b>Financial liabilities</b>						
Long term borrowings	-	-	-	-	-	-
Short term borrowings	-	-	39,000,000	-	-	-
Trade and other payables	-	77,441	19,864,197	136,915	-	-
Other Current financial liabilities	113,621	-	753,017	-	-	-
	<b>113,621</b>	<b>77,441</b>	<b>59,617,214</b>	<b>136,915</b>	-	-
<b>Net foreign currency exposure as at 31 March 2017</b>	<b>1,178,291</b>	<b>334,967</b>	<b>3,164,354</b>	<b>5,251,503</b>	-	<b>815,948</b>

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for the year ended 31st March, 2017

	March 31 2016 EURO	March 31 2016 GBP	March 31 2016 USD	March 31 2016 AUD	March 31 2016 JPY	March 31 2016 CHF
<b>Financial assets</b>						
Non-current loans	18,308	-	13,316,340	896,387	7,999,983	205,125
Trade and other receivables	1,411,611	340,400	38,567,356	4,090,310	-	-
	<b>1,429,919</b>	<b>340,400</b>	<b>51,883,696</b>	<b>4,986,697</b>	<b>7,999,983</b>	<b>205,125</b>
<b>Financial liabilities</b>						
Long term borrowings	-	-	-	-	-	-
Short term borrowings	-	-	32,500,000	-	-	-
Trade and other payables	42,925	143,332	10,081,812	215,333	152,855	306
Other Current financial liabilities	-	-	4,500,000	-	-	-
	<b>42,925</b>	<b>143,332</b>	<b>47,081,812</b>	<b>215,333</b>	<b>152,855</b>	<b>306</b>
<b>Net foreign currency exposure as at 31 March 2016</b>	<b>1,386,995</b>	<b>197,068</b>	<b>4,801,884</b>	<b>4,771,364</b>	<b>7,847,128</b>	<b>204,820</b>

	April 1, 2015 EURO	April 1, 2015 GBP	April 1, 2015 USD	April 1, 2015 AUD	April 1, 2015 JPY	April 1, 2015 CHF
<b>Financial assets</b>						
Non-current loans	10,254	-	9,448,918	832,871	-	-
Trade and other receivables	397,229	183,810	29,103,996	1,098,902	-	-
	<b>407,483</b>	<b>183,810</b>	<b>38,552,914</b>	<b>1,931,773</b>	-	-
<b>Financial liabilities</b>						
Long term borrowings	-	-	4,500,000	-	-	-
Short term borrowings	-	-	5,000,000	-	-	-
Trade and other payables	1,053,039	3,803	2,670,727	137,689	-	-
Other Current financial liabilities	-	-	4,500,000	-	-	-
	<b>1,053,039</b>	<b>3,803</b>	<b>16,670,727</b>	<b>137,689</b>	-	-
<b>Net foreign currency exposure as at 1 April 2015</b>	<b>(645,556)</b>	<b>180,007</b>	<b>21,882,187</b>	<b>1,794,085</b>	-	-

For the purpose of financial statement reporting, the currency exposure are measured at the following year-end exchange rates.

INR	Year-end spot rate		
	31 March 2017	31 March 2016	1 April 2015
EURO	69.29	75.40	67.19
GBP	80.90	95.47	92.47
USD	64.85	66.26	62.50
AUD	49.58	50.98	47.52
JPY	0.58	0.59	NA
CHF	64.83	68.98	NA

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## Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against various foreign currencies at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in INR	Profit or (loss) before tax	
	Strengthening	Weakening
	(₹ in million)	
<b>March 31, 2017</b>		
<b>10% movement</b>		
EURO	8.2	(8.2)
GBP	2.7	(2.7)
USD	20.5	(20.5)
AUD	26.0	(26.0)
JPY	-	-
CHF	5.3	(5.3)
	<b>62.7</b>	<b>(62.7)</b>

Effect in INR	Profit or (loss) before tax	
	Strengthening	Weakening
	(₹ in million)	
<b>March 31, 2016</b>		
<b>10% movement</b>		
EURO	10.5	(10.5)
GBP	1.9	(1.9)
USD	31.8	(31.8)
AUD	24.3	(24.3)
JPY	0.5	(0.5)
CHF	1.4	(1.4)
	<b>70.4</b>	<b>(70.4)</b>

## Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments, borrowings and loans because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments, borrowings and loans will fluctuate because of fluctuations in the interest rates.

## Exposure to interest rate risk

Company's interest rate risk arises from borrowings and fixed income securities. Fixed income securities exposes the Company to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

	Profit or (loss) before tax		
	31 March 2017	31 March 2016	1 April 2015
(₹ in Million)			
<b>Fixed-rate instruments</b>			
Financial assets	7,740.1	10,836.7	13,563.8
Financial liabilities	1,153.2	1,980.7	9,927.2
	<b>6,586.9</b>	<b>8,856.0</b>	<b>3,636.6</b>
<b>Variable-rate instruments</b>			
Financial liabilities	2,529.1	1,822.0	1,093.6
	<b>2,529.1</b>	<b>1,822.0</b>	<b>1,093.6</b>
<b>Total</b>	<b>4,057.8</b>	<b>7,034.0</b>	<b>2,543.0</b>

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for the year ended 31st March, 2017

## Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would not have any material impact on the equity

## Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates would not have any material impact on the equity

## 3.37 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio was as follows.

	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Total Borrowings (Including current portion of Long term debts)	3,682.3	3,802.7	11,020.8
Less : Cash and cash equivalent	199.9	74.7	249.5
<b>Net debt</b>	<b>3,482.4</b>	<b>3,728.0</b>	<b>10,771.3</b>
Total equity	<b>43,926.5</b>	<b>35,995.0</b>	<b>30,820.1</b>
Net debt to equity ratio	0.08	0.10	0.35

## 3.38 First- time adoption of Ind AS

### I. First-time adoption of Ind AS

The financial statements for the year ended March 31, 2016 have been prepared in accordance with Ind AS as issued and effective as at March 31, 2016. The Company's opening Ind AS balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. In preparing the opening balance sheet, the Company has applied the mandatory exceptions and certain optional exemptions from full retrospective application of Ind AS in accordance with the guidance in Ind AS 101 'First Time Adoption of Indian Accounting Standards'.

This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements to Ind AS, in the opening balance sheet as at April 1, 2015 and in the financial statements as at and for the year ended 31 March 2016.

### II. Optional exemptions from retrospective application

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

#### a) Deemed cost for Property, Plant and Equipment (PPE), Intangible assets and investment property

The Company has elected to measure all the items of PPE and intangible assets at its previous GAAP carrying values which shall be the deemed cost as at the date of transition. As per FAQs issued by Accounting Standards Board (ASB) by Ind AS Transition Facilitation Group of Ind AS (IFRS) Implementation Committee of ICAI, deemed cost, is the amount used as a surrogate for the cost or depreciated cost and for the purpose of subsequent depreciation or amortisation, deemed cost becomes the cost as the starting point. Information regarding gross

# NOTES

for the year ended 31st March, 2017

block of assets, accumulated depreciation and provision for impairment under Previous GAAP has been disclosed by way of a note forming part of the financial statements.

**b) Deemed cost for investment in subsidiary**

The Company has elected to use the previous GAAP carrying amount of its investment in subsidiaries on the date of transition as its deemed cost on that date, in its standalone financial statements. Consequently, deemed investment arising on account of financial guarantee contract on behalf of the subsidiaries, for no consideration, has not been recognised.

**III. Mandatory exemptions from retrospective application**

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101:

**i. Estimates**

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

**ii. Classification and measurement of financial assets**

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

**IV Transition to Ind AS - Reconciliations**

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

- i. Reconciliation of equity as at 1st April 2015
- ii. Reconciliation of equity as at 31 March 2016
- iii. Reconciliation of Statement of Profit and Loss for the year ended 31 March 2016
- iv. Adjustments to Statement of Cash Flows for the year ended 31 March 2016

Previous GAAP figures have been reclassified/regrouped wherever necessary to conform with financial statements prepared under Ind AS.

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for the year ended 31st March, 2017

## IV. Reconciliations under Ind AS 101

### (i) Reconciliation of Equity as at 1 April 2015

Particulars	Note Ref.	₹ in Million		
		Previous GAAP	Adjustments	IND AS
		As at 1 April 2015	As at 1 April 2015	As at 1 April 2015
<b>ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a) Property, Plant and Equipment		8,382.1	-	8,382.1
(b) Capital work-in-progress		958.9	-	958.9
(c) Other Intangible assets		322.5	-	322.5
(d) Financial Assets				
(i) Investments	(a)	10,106.5	52.8	10,159.3
(ii) Loans	(b)	1,194.6	(259.0)	935.6
(iii) Other financial assets		4,652.1	-	4,652.1
(e) Deferred tax assets (net)	(j)	3,785.4	85.3	3,870.7
(f) Other tax assets (net)		529.6	-	529.6
(g) Other non current assets		250.5	-	250.5
<b>(2) Current Assets</b>				
(a) Inventories		5,482.4	-	5,482.4
(b) Financial Assets				
(ii) Investments	(d)	599.1	19.5	618.6
(ii) Trade receivables		3,750.0	-	3,750.0
(iii) Cash and cash equivalents		249.5	-	249.5
(iv) Bank balances other than (iii) above		6,083.6	-	6,083.6
(v) Loans		65.2	-	65.2
(vi) Other financial assets	(c),(e)	319.0	(14.3)	304.7
(c) Other current assets		1,191.9	-	1,191.9
<b>Total assets</b>		<b>47,922.9</b>	<b>(115.7)</b>	<b>47,807.2</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital		239.1	-	239.1
(b) Other Equity	(a) to (j)	30,771.1	(190.1)	30,581.0
<b>LIABILITIES</b>				
<b>(1) Non-current Liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	(f)	281.3	(2.3)	279.0
(b) Provisions	(g)	565.1	51.5	616.6
(c) Deferred tax liabilities (net)	(j)	-	-	-
(d) Other non-current liabilities		31.0	-	31.0
<b>(2) Current Liabilities</b>				
(a) Financial liabilities				
(i) Borrowings		10,462.8	-	10,462.8
(ii) Trade payables		3,465.3	-	3,465.3
(iii) Other financial liabilities	(f)	1,161.5	(2.3)	1,159.2
(b) Other current liabilities	(h),(i)	279.2	27.5	306.7
(c) Provisions		666.5	-	666.5
(d) Current tax liabilities (net)		-	-	-
<b>Total equity and liabilities</b>		<b>47,922.9</b>	<b>(115.7)</b>	<b>47,807.2</b>

# NOTES

for the year ended 31st March, 2017

## Notes to reconciliation of equity as at 1 April 2015 between Previous GAAP to Ind AS:

(a) **Fair valuation of investment in venture capital funds and amortisation of investment in fixed income corporate bonds under effective interest rate method:**

The Company has invested ₹ **169.4 million** in venture capital funds. It has designated such investments as financial assets measured at fair value through profit and loss on the date of transition. The fair value of the investments is ₹ **226.4 million** on the date of transition and an unrealised gain of ₹ **57.0 million** has been recognised in retained earnings.

The Company has invested in certain fixed income corporate bonds at a premium to the face value of the bonds with the sole intention to collect payments of principal and interest till maturity. Accordingly, the investments has been classified as financial assets measured at amortised cost. The premium over the face value of the bonds has been amortised under effective interest rate (EIR) method with a negative impact of ₹ **4.2 million** on the equity on the date of transition.

(b) **Fair valuation of interest free and concessional interest rate loans to subsidiaries:**

The Company has provided interest free and concessional interest rate loans to subsidiaries. These loans to subsidiaries have been fair valued on the date of their initial recognition, by discounting such loans using the market rate of interest on the date of initial recognition, and subsequently amortised under effective interest rate. This has resulted in a negative impact of ₹ **259.0 million** on the equity on the date of transition.

(c) **Fair valuation of security deposits for rented premises**

The Company has given interest free security deposits for rented premises. The interest free security deposits have been fair valued on the date of initial recognition and the difference between the transaction amount and the fair value has been recognised as prepaid rent. The security deposits have been subsequently amortised under effective interest rate method and the prepaid rent on a straight line basis over the term of the lease. This has resulted in recognising prepaid rent of ₹ **2.0 million** in other non-current assets and ₹ **0.7 million** in other current assets. Also, security deposits have been reduced by ₹ **2.7 million** with a cumulative impact of ₹ **0.2 million** on retained earnings on the date of transition.

(d) **Fair valuation of investment in quoted equity shares:**

The Company has investment in quoted equity shares of other companies. These investments have been fair valued on the date of transition with a corresponding unrealised gain of ₹ **19.6 million**, being recognised in retained earnings.

(e) **Fair valuation of loans to entities other than subsidiaries:**

The Company has provided an interest free loan to an entity which is not its subsidiary. It has fair valued this loan on initial recognition and subsequently accounted these at amortised cost using effective interest rate method. As a result the amount has been reduced from ₹ **59.3 million** to ₹ **45.2 million**.

(f) **Amortisation of loan processing fees under effective interest rate method:**

Transaction cost incurred on external commercial borrowings have been reduced from the borrowings on the date of initial recognition and amortised using effective interest rate method. Accordingly, Non-current borrowings are reduced by ₹ 2.3 million and current maturity of Non-current borrowings by ₹ **2.3 million** with a corresponding gain recognised in Retained earnings.

(g) **Restatement of provision for compensated absences**

An amount of ₹ **51.5 million** pertaining to the period prior to 1 April 2015 was recognised during the financial year ended 31 March 2016. The same has been restated on the date of transition with a corresponding loss recognised in equity on the date of transition.

(h) **Deferral of income related to dossier licensing arrangement**

An amount of ₹ **11.3 million** in respect of consideration received for dossier licensing arrangement is not considered as a separate obligation and shall be recognised when the corresponding goods under the agreement are sold. There were no sales till the date of transition and the entire amount has been deferred with a corresponding negative impact recognised in Retained earnings.

(i) **Fair valuation of financial guarantee contract**

The Company has provided guarantees for loans taken by the subsidiaries. This financial guarantees have been measured at fair value on the date of initial recognition with corresponding amount being recognised as unearned guarantee commission. The same has been amortised over the term of the guarantee on a straight line basis. As a result an amount of ₹ **16.2 million** has been recognised as unearned guarantee commission on the date of the transition with a corresponding negative impact to retained earning.

(j) **Deferred tax**

The Company has recognised a deferred tax asset of ₹ **85.3 million** on the temporary differences arising on account of the above Ind AS adjustments

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for the year ended 31st March, 2017

## (ii) Reconciliation of Equity as at 31 March 2016

Particulars	Note Ref.	₹ in Million		
		Previous GAAP	Adjustments	IND AS
		As at 31 March 2016	As at 31 March 2016	As at 31 March 2016
<b>ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a) Property, Plant and Equipment		8,470.7	-	8,470.7
(b) Capital work-in-progress		1,465.5	-	1,465.5
(c) Other Intangible assets		276.1	-	276.1
(d) Financial Assets				
(i) Investments	(a)	8,767.1	80.4	8,847.5
(ii) Loans	(b)	1,564.0	(177.6)	1,386.4
(iii) Other financial assets		1,910.4	-	1,910.4
(e) Deferred tax assets (net)	(h)	4,320.2	(226.3)	4,093.9
(f) Other tax assets (net)		404.2	-	404.2
(g) Other non current assets		575.4	-	575.4
<b>(2) Current Assets</b>				
(a) Inventories		5,900.3	-	5,900.3
(b) Financial Assets				
(i) Investments	(d)	1,944.2	785.0	2,729.2
(ii) Trade receivables		4,804.4	-	4,804.4
(iii) Cash and cash equivalents		74.7	-	74.7
(iv) Bank balances other than (iii) above		5,165.6	-	5,165.6
(v) Loans		82.0	-	82.0
(iv) Other financial assets	(c),(e)	648.1	(11.3)	636.8
(c) Other current assets		1,401.0	-	1,401.0
<b>Total assets</b>		<b>47,773.9</b>	<b>450.2</b>	<b>48,224.1</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital		239.1	-	239.1
(b) Other Equity	(a) to (h)	35,327.8	428.1	35,755.9
<b>LIABILITIES</b>				
<b>(1) Non-current Liabilities</b>				
(a) Financial liabilities				
(i) Borrowings		-	-	-
(b) Provisions		659.7	-	659.7
(c) Deferred tax liabilities (net)	(h)	-	-	-
(d) Other non-current liabilities		26.5	-	26.5
<b>(2) Current Liabilities</b>				
(a) Financial liabilities				
(i) Borrowings		3,506.2	-	3,506.2
(ii) Trade payables		4,665.0	-	4,665.0
(iii) Other financial liabilities	(f)	2,056.2	(1.6)	2,054.6
(b) Other current liabilities	(g)	397.1	23.7	420.8
(c) Provisions		828.1	-	828.1
(d) Current tax liabilities (net)		68.2	-	68.2
<b>Total equity and liabilities</b>		<b>47,773.9</b>	<b>450.2</b>	<b>48,224.1</b>

# NOTES

for the year ended 31st March, 2017

## Notes to reconciliation of equity as at 31 March 2016 between Previous GAAP to Ind AS:

### (a) Fair valuation of investment in venture capital funds and amortisation of investment in fixed income corporate bonds under effective interest rate method:

The Company has invested ₹ 252.1 million in venture capital funds as at 31 March 2016. The fair value of the investment was ₹ 332.3 million on that date. Cumulatively the amount of investment has increased by ₹ **80.2 million** under Ind AS from that under previous GAAP, as at 31 March 2016.

The Company has invested in certain fixed income corporate bonds at a premium to the face value of the bonds with the sole intention to collect payments of principal and interest till maturity. Hence the investments has been classified as financial assets measured at amortised cost. The premium over the face value of the bonds has been amortised under effective interest rate (EIR) method. Also the Company has reversed the premium that it had written off against such investments during the year ended 31 March 2016. As a result, there is a net increase of ₹ **0.2 million** in non-current investments.

### (b) Fair valuation of interest free and concessional interest rate loans to subsidiaries:

The Company has provided interest free and concessional interest rate loans to subsidiaries. These loans to subsidiaries have been fair valued on the date of their initial recognition by discounting such loans using the market rate of interest on the date of initial recognition, and subsequently amortised under effective interest rate. Also, interest rates have been revised for loans given during the financial year 2014-15 in the year ended 31 March 2016. This change resulted in substantial modification of contractual cash flows, requiring to remeasure the financial assets in accordance with the revised terms. This has resulted in a net decrease of ₹ **177.6 million** in the loans to subsidiaries.

### (c) Fair valuation of security deposits for rented premises

The Company has given interest free security deposits for rented premises. The interest free security deposits have been fair valued on the date of initial recognition and the difference between the transaction amount and the fair value has been recognised as prepaid rent. The security deposits have been subsequently amortised under effective interest rate method and the prepaid rent on a straight line basis over the term of the lease. This

has resulted in recognising prepaid rent of ₹ **2.2 million** in other non-current assets and ₹ **1.1 million** in other current assets. Also, security deposits have been reduced by ₹ **3.6 million** as at 31 March 2016 from other current financial assets with a cumulative impact of ₹ **0.3 million** in statement of profit and loss.

### (d) Fair valuation of investment in Avenue Venture Capital Fund:

The Company lost control over Avenue Venture Capital Fund and designated the investment in the fund as financial asset measured at fair value through profit and loss. This has resulted in increase of ₹ **785.0 million** in current investment on account of fair value measurement of the same as at 31 March 2016.

### (e) Fair valuation of loans to entities other than subsidiaries:

The Company has provided an interest free loan to an entity which is not its subsidiary. It has fair valued this loan on initial recognition and subsequently accounted these at amortised cost using effective interest rate method. As a result the amount has been reduced from ₹ **52.3 million** to ₹ **41.4 million**.

### (f) Amortisation of loan processing fees under effective interest rate method:

The Company has incurred transaction costs on its external commercial borrowing. The same has been reduced from the borrowing on the date of initial recognition and amortised using effective interest rate method. As a result current maturity of long term borrowing has been reduced by ₹ **1.6 million**.

### (g) Deferral of income related to dossier licensing arrangement

An amount of ₹ **23.7 million** pertains to amount received in consideration for dossier licensing arrangement. The same is not considered as a separate obligation and shall be recognised when goods are sold. There were no sales till 31 March 2016 and the entire amount has been deferred and recognised as advance from customers in other current liabilities.

### (h) Deferred tax

The Company has recognised a net deferred tax liability of ₹ **226.3 million** on the temporary differences arising on account of the above Ind AS adjustments as at 31 March 2016

# NOTES

for the year ended 31st March, 2017

## (iii) Reconciliation of Statement of profit and loss for the year ended 31 March 2016

		₹ in Million		
Particulars	Notes	Previous GAAP	Adjustments	IND AS
I Revenue from Operations	(a),(b)	39,246.9	263.5	39,510.4
II Other Income	(e) to (k)	1,605.2	907.6	2,512.8
<b>III Total Income (I+II)</b>		<b>40,852.1</b>	<b>1,171.1</b>	<b>42,023.2</b>
<b>IV EXPENSES</b>				
Cost of materials consumed	(b)	9,705.3	(11.1)	9,694.2
Purchase of stock in trade		6,119.4	-	6,119.4
Changes in inventories of finished goods, work-in-progress and stock-in-trade		(340.6)	-	(340.6)
Employee Benefits Expenses	(c), (n)	6,367.8	(101.5)	6,266.3
Finance Costs	(c), (i)	533.0	53.7	586.7
Depreciation and Amortization Expenses		735.3	-	735.3
Other expenses	(a),(b),(d)	10,272.3	301.1	10,573.4
<b>Total Expenses (IV)</b>		<b>33,392.5</b>	<b>242.2</b>	<b>33,634.7</b>
<b>V Profit before tax (III-IV)</b>		<b>7,459.6</b>	<b>928.9</b>	<b>8,388.5</b>
<b>VI Tax expenses</b>				
Current tax		1,610.0	-	1,610.0
Deferred tax (net)	(m)	(534.8)	311.4	(223.4)
<b>VII Profit for the year (V-VI)</b>		<b>6,384.4</b>	<b>617.5</b>	<b>7,001.9</b>
<b>VIII Other Comprehensive Income</b>				
A (i) Items that will not be reclassified to profit or loss				
a) Remeasurement of Defined Benefit Obligations	(n)	-	0.7	0.7
b) Tax on Remeasurements of defined benefit plans	(m)	-	(0.2)	(0.2)
<b>Total Other Comprehensive Income (VIII)</b>		<b>-</b>	<b>0.5</b>	<b>0.5</b>
<b>IX Total Comprehensive Income for the period (VII+VIII) (Comprising profit) and Other Comprehensive Income for the period)</b>		<b>6,384.4</b>	<b>618.0</b>	<b>7,002.4</b>

### Notes to reconciliation of Statement of profit and loss for the year ended 31 March 2016 between previous GAAP to Ind AS:

- (a) **Reclassification of excise duty and customers' incentives**  
Excise duty (net of excise benefits) of ₹ **856.2 million** has been reclassified from revenue to other expenses. This has resulted in increase of revenue and other expenses by ₹ **856.2 million**.

Cash discount and other incentives directly attributable to sales of ₹ **559.0 million** have been reclassified from other expenses to revenue. This has resulted in decrease of revenue and other expenses by ₹ **559.0 million**

- (b) **Reclassification of cash discount from suppliers, deferral of income from dossier license agreement and foreign exchange loss arising on amortisation of loans to subsidiaries in foreign currency under EIR method**  
Cash discount received from suppliers of ₹ **11.1 million** has been reclassified from other operating income to cost of raw material consumed. An income of ₹ **12.4 million**

from the dossier licence agreement has been deferred and recognised as advance from customers.

Foreign exchange loss of ₹ **10.2 million** arising on amortisation of loans to subsidiaries in foreign currency under EIR method has been reduced from other operating revenue.

- (c) **Reversal on account of restatement of provision of compensated absences and reclassification of period cost from employee benefit expense to finance cost**  
A provision of compensated absences of ₹ **51.5 million** pertained to period before 1 April 2015 and hence has been restated under Ind AS, resulting in reversal of the expense recognised during the year ended 31 March 2016.

The interest cost of ₹ **50.7 million** on long term employee benefits has been reclassified from employee benefit expense to finance costs.

# NOTES

for the year ended 31st March, 2017

- (d) **Amortisation of prepaid rent arising on fair valuation of security deposits on initial recognition**  
An amount of ₹ **2.1 million** has been recognised as rent expenses on account of amortisation of prepaid rent arising on fair valuation of security deposit on initial recognition
- (e) **Unwinding of interest income on interest free and concessional interest rate loans to subsidiaries:**  
An amount of ₹ **21.9 million** has been recognised as interest income on unwinding of interest free and concessional rate loans to subsidiaries recognised at fair value on initial recognition.
- (f) **Gain on substantial modification of contractual cash flows from loans to subsidiaries**  
An amount of ₹ 69.8 million has been recognised as gain on substantial modification of cash flows from loans to subsidiaries on account of change in interest rates on loans disbursed, during the financial year 2014-15, in the year ended 31 March 2016.
- (g) **Gain on change in fair value of investment in venture capital fund**  
An amount of ₹ **808.4 million** has been recognised as gain on change in fair value of investment in venture capital funds during the financial year ended 31 March 2016.
- (h) **Unwinding of interest income on interest free loans to entities other than subsidiaries:**  
The Company has provided an interest free loan to an entity which is not its subsidiary. It has fair valued this loan on initial recognition and amortised the same under effective interest rate method. The Company has recognised an interest income ₹ **3.2 million** on unwinding of such loan which was recognised at fair value on initial recognition.
- (i) **Amortisation of unearned guarantee commission**  
The Company has recognised guarantee commission on financial guarantee provided on loans taken by subsidiaries. This has resulted in an increase of other income by ₹ **16.2 million**.
- (j) **Fair valuation of quoted equity shares recognised in earlier period**  
The Company has recognised mark to market gain on quoted equity shares amounting to ₹ **19.6 million** in retained earnings on transition to Ind AS. Accordingly, the realised gain accounted under previous GAAP on sale of such equity shares in the year ended 31 March 2016 was reversed.
- (k) **Reversal of amortisation of premium on Bonds and unwinding of interest income on discounted interest free premise deposits**  
The other income has been increased due to reversal of amortisation of premium on bonds amounting to ₹ **4.4 million** and unwinding of interest income on discounted interest free premise deposits amounting to ₹ **1.9 million**.
- (l) **Amortisation of loan processing fees under effective interest rate method:**  
The Company has incurred transaction costs on its external commercial borrowing. The same has been reduced from the borrowing on the date of initial recognition and amortised using effective interest rate method. As a result an amount of ₹ 3.0 million has been recognised as finance cost on account of amortisation under the effective interest rate method
- (m) **Deferred tax**  
The Company has recognised a deferred tax expense of ₹ **311.6 million** on the temporary differences arising on account of the above Ind AS adjustments
- (n) **Actuarial gain/loss**  
Under Ind AS, all actuarial gain and loss are recognised in other comprehensive income. Under previous GAAP the Company has recognised actuarial gains and losses in the statement of profit and loss amounting to ₹ **0.7 million**.
- (iv) **Adjustments to Statement of Cash Flows for the year ended 31 March 2016**  
There are no material differences between the Statement of Cash Flows presented under Ind AS and previous GAAP

# NOTES

for the year ended 31st March, 2017

**3.39** During the previous year ended 31 March 2016, the Company has sold brands and trademarks relating to its In Vitro Fertilisation (IVF) formulations to Ordain Health Care Global Private Limited for a total consideration of ₹ **205.0 million**.

## 3.40 Payment to auditors (excluding service tax)

Particulars	(₹ in Million)	
	Year ended 31 March 2017	Year ended 31 March 2016
<b>As Auditor</b>		
Audit fees	10.8	7.7
<b>In other capacity</b>		
Taxation matters	1.0	0.6
In any other services such as certification, etc.	7.8	4.9
Reimbursement of out of pocket expenses	1.3	0.5
Other Services (In connection with initial public offering)*	-	16.4
<b>Total</b>	<b>20.9</b>	<b>30.1</b>

\*The amount is recovered from shareholders whose shares were offered for sale in the initial public offering.

## 3.41 Derivative Contracts

Company has entered into an interest rate swap contract to hedge the interest rate risk with respect to the foreign currency borrowing with a variable interest rates based on LIBOR. However the Company has opted not to follow hedge accounting and it has fair valued the financial instruments and the reversal of mark to market losses on the instrument has been recognised to the Statement of Profit and Loss during the year amounting to ₹ **Nil** ( for the previous year ended 31 March 2016 ₹ 3.1 million). During the year Company has repaid the loan as per repayment schedule.

**3.42** The gross amount required to be spent on Corporate Social Responsibility ("CSR") by the Company during the year is ₹ **106.4 million** (Previous year : ₹ 90.9 million) The Company has spent ₹ **61.8 million** (Previous Year : 30.1 million) towards CSR as per the approved CSR policy of the Company on healthcare, women empowerment, education, sanitation, conservation of environment, rural development.

Amount spent during the year on:

	(₹ in Million)		
	In Cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
	-	-	-
ii) On purposes other than (i) above	61.8	-	61.8
	(30.1)	-	(30.1)

Figures in the brackets are the corresponding figures of the previous year.

# NOTES

for the year ended 31st March, 2017

### 3.43 Disclosure for specified bank notes:

During the year, the Company had specified bank notes (SBNs) and other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 31st March, 2017, on the details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th December, 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	(₹ in Million)		
	Specified Bank Notes (₹ 1000 and ₹ 500)*	Other Denominations Notes	Total
Closing cash in hand as on 8 November 2016	5.1	3.1	8.2
Add: Permitted receipts	-	10.7	10.7
Less: Permitted payments	-	9.5	9.5
Less: Amount deposited in banks	5.1	-	5.1
<b>Closing cash in hand as on 30 December 2016</b>	<b>-</b>	<b>4.3</b>	<b>4.3</b>

\*For the purpose of this clause '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 the 8th November, 2016.

### 3.44 Recent accounting pronouncements

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows'. The amendments are applicable to the Company from 1 April 2017.

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

### 3.45 Government Grant

The Company is eligible for government grants which are conditional upon construction of new factories in the Sikkim region. One of the grants, received in 2014-15 amounted to ₹ **72.4 million** with respect to the Kumrek facility. The factory has been constructed and been in operation since August 2007. The second grant is with respect to Samardung facility in Sikkim amounting to ₹ **122.1 million** for which the Company has initiated the process for claim. The factory has been constructed and been in operation since October, 2012. These grants, recognized as deferred income, is being amortized over the useful life of the plant and machinery in proportion in which the related depreciation expense is recognised.

# NOTES

for the year ended 31st March, 2017

## 3.46 Asset Held for Sale

During the year, the Company has decided to sell land situated at Panoli GIDC, Gujarat, being no longer required for business purposes. Accordingly, the said land has been stated at its carrying value (being lower of its fair value less costs to sell) amounting to ₹ **18.2 Million** and is presented as "Asset held for sale" as on 31 March 2017. The Company has entered into a Memorandum of Understanding ("MoU") with the potential buyers for the sale of land.

**3.47** During the year ended 31 March 2016, considering future growth requirement of domestic business, the Company had commenced construction of new units at Sikkim which would be entitled for fiscal incentives including benefit under income tax. Further, Finance Act 2016 had partially extended income tax benefit on R&D expenditure up to fiscal year 2019-20. Considering that these factors could result in to lower utilisation of accumulated MAT credit entitlement to the extent of ₹ 834.1 million as at 31 March 2016, the Company had charged off MAT credit entitlement to the extent of ₹ 834.1 million under 'tax expense' in year ended 31 March 2016.

As per our report of even date attached,

For and on behalf of the Board of Directors of Alkem Laboratories Limited  
CIN: L00305MH1973PLC174201

### For B S R & Co. LLP

Chartered Accountants  
Firm's Registration No. 101248W/W-100022

### Samprada Singh

Chairman Emeritus  
DIN No.00760279

### B.N. Singh

Executive Chairman  
DIN No.00760310

### B.P. Singh

Director  
DIN No.00739856

### Sadashiv Shetty

Partner

### M.K. Singh

Director  
DIN No.00881412

### Prabhat Agrawal

Chief Executive Officer

### Rajesh Dubey

Chief Financial Officer

Membership No. 048648

### Manish Narang

President - Legal & Company Secretary Sr.VP - Business Finance

### P.V.Damodaran

Mumbai

Date : 26 May 2017

Mumbai

Date: 26 May 2017

# INDEPENDENT AUDITOR'S REPORT

To the Members of  
**Alkem Laboratories Limited**

## Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Alkem Laboratories Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flows Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

## Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS 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 including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

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 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 thereunder.

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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors 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 consolidated Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries, the aforesaid consolidated Ind AS 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 including the Ind AS, of the consolidated financial position of the Group as at 31 March 2017, its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year then ended.

## Other Matters

We did not audit the financial statements and other financial information of sixteen subsidiaries. These subsidiaries reflect total assets of ₹ 14,048.5 million as at 31 March 2017, total

revenues of ₹ 10,267.8 million and net cash inflows amounting to ₹ 365.6 million for the year then ended, as considered in the consolidated Ind AS financial statements, whose financial statements / financial information have not been audited by us. 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 and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

- (a) Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. These subsidiaries, reflect total assets of ₹ 5,365.9 million as at 31 March 2017, total revenues of ₹ 3,571.6 million and net cash inflows amounting to ₹ 494.8 million for the year then ended, as considered in the consolidated Ind AS financial statements. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.
- (b) The financial statements and other financial information of the remaining eight subsidiaries, whose financial statements reflect total assets of ₹ 8,682.6 million as at 31 March 2017, total revenues of ₹ 6,693.2 million and net cash inflows amounting to ₹ (129.3) million for the year then ended, as considered in the consolidated Ind AS financial statements, have been audited by other auditors in conformity with the accounting principles generally accepted in India, 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 the subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements

below, is not modified in respect of above matters with respect to our reliance on the work done and the reports of the other auditors

#### **Report on other legal and regulatory requirements**

As the required by sub-section 3 of Section 143 of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of subsidiaries, as noted in the 'Other Matter' paragraph, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.
- (e) On the basis of the written representation received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies is disqualified as on 31 March 2017 from being appointed as a Director in terms of sub-section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and Subsidiaries incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure I and
- (g) With respect to the other matters to be included in the Auditors' 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of subsidiaries, as noted in the 'Other Matter' paragraph:

- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Holding Company and its subsidiary companies.
- ii. The Holding Company and its subsidiary companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection

Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31 March 2017.

- iv. The Company has provided requisite disclosures in its consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 3.51 to the consolidated Ind AS financial statements.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Sadashiv Shetty**

Partner

Membership No: 048648

Mumbai  
26 May 2017

## ANNEXURE I

### to the Independent Auditor's Report – 31 March 2017 on the Consolidated Ind AS Financial Statements

#### 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 Ind AS financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Alkem Laboratories Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

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

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for

ensuring the orderly and efficient conduct of its business, including adherence to the respective 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") issued by the ICAI 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 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 judgement, 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 and the audit evidence obtained by the other auditors 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls 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 and its subsidiary companies, which are companies 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 31 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.

### 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 three subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **BSR & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

Mumbai  
26 May 2017

**Sadashiv Shetty**  
Partner  
Membership No: 048648

# CONSOLIDATED BALANCE SHEET

as at 31st March, 2017

(₹ in Million)

Particulars	Note No.	As at	As at	As at
		31 March 2017	31 March 2016	1 April 2015
<b>I. ASSETS</b>				
<b>1 Non-current assets</b>				
(a) Property, plant and equipment	3.1	13,944.5	10,310.3	9,725.1
(b) Capital work in progress	3.1	2,992.6	1,724.2	1,117.4
(c) Goodwill on consolidation	3.38	3,448.4	3,530.6	3,421.0
(d) Other Intangible assets	3.1	577.5	654.5	611.5
(e) Investment in joint venture	3.2	-	-	2,286.9
(f) Financial Assets				
(i) Investments	3.3	2,750.4	2,343.9	2,028.9
(ii) Loans	3.4	91.5	87.2	93.7
(ii) Other financial assets	3.5	4,192.7	2,613.8	5,123.3
(g) Deferred tax assets (net)	3.8C	6,962.7	5,162.3	4,702.4
(h) Other tax assets (net)	3.8D	363.7	420.3	545.8
(i) Other non-current assets	3.6	1,349.3	812.5	261.2
<b>Total Non-current assets</b>		<b>36,673.3</b>	<b>27,659.6</b>	<b>29,917.2</b>
<b>2 Current assets</b>				
(a) Inventories	3.7	12,060.0	9,093.7	7,833.6
(b) Financial Assets				
(i) Investments	3.3	2,779.7	2,741.8	655.7
(ii) Trade receivables	3.9	7,136.4	5,675.1	5,350.3
(iii) Cash and cash equivalents	3.10	1,666.3	1,270.5	1,237.5
(iv) Bank balances other than (iii) above	3.11	2,326.3	6,538.5	6,670.2
(v) Loans	3.4	153.5	98.5	73.1
(vi) Other financial assets	3.5	408.4	668.5	357.1
(c) Current Tax Assets (net)	3.8D	216.9	1.2	1.2
(d) Other current assets	3.12	2,241.5	1,599.2	1,293.6
(e) Assets held for sale	3.49	18.2	-	-
<b>Total Current assets</b>		<b>29,007.2</b>	<b>27,687.0</b>	<b>23,472.2</b>
<b>Total Assets</b>		<b>65,680.5</b>	<b>55,346.6</b>	<b>53,389.4</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>1 Equity</b>				
(a) Equity Share Capital	3.13	239.1	239.1	239.1
(b) Other Equity		44,437.3	36,680.5	30,947.6
(c) Non-controlling interest	3.39	1,152.3	950.2	847.2
<b>Total Equity</b>		<b>45,828.7</b>	<b>37,869.8</b>	<b>32,033.9</b>
<b>2 Liabilities</b>				
<b>2a Non-Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	3.14	2,088.5	1,234.6	393.2
(b) Provisions	3.15	1,021.7	829.6	717.1
(c) Deferred tax liabilities (net)	3.8C	4.7	10.1	44.4
(d) Other non-current liabilities	3.16	112.9	26.5	31.0
<b>Total Non-Current Liabilities</b>		<b>3,227.8</b>	<b>2,100.8</b>	<b>1,185.7</b>
<b>2b Current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	3.14	4,450.8	4,641.7	11,439.3
(ii) Trade payables	3.17	7,413.7	5,804.8	4,662.9
(iii) Other financial liabilities	3.18	2,659.9	3,126.6	2,767.7
(b) Other current liabilities	3.19	732.6	533.5	350.7
(c) Provisions	3.15	1,244.4	1,046.9	855.5
(d) Current tax liabilities (net)	3.8D	122.6	222.5	93.7
<b>Total Current Liabilities</b>		<b>16,624.0</b>	<b>15,376.0</b>	<b>20,169.9</b>
<b>Total Liabilities</b>		<b>19,851.8</b>	<b>17,476.8</b>	<b>21,355.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>65,680.5</b>	<b>55,346.6</b>	<b>53,389.4</b>

## Significant Accounting Policies Notes to the Consolidated Financial Statements

2A  
3

The accompanying notes are an integral part of these financial statements

As per our report of even date attached,

For and on behalf of the Board of Directors of Alkem Laboratories Limited  
CIN: L00305MH1973PLC174201

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

**Samprada Singh**  
Chairman Emeritus  
DIN No.00760279

**B.N. Singh**  
Executive Chairman  
DIN No.00760310

**B.P. Singh**  
Director  
DIN No.00739856

**Sadashiv Shetty**  
Partner  
Membership No. 048648

**M.K. Singh**  
Director  
DIN No.00881412

**Prabhat Agrawal**  
Chief Executive Officer

**Rajesh Dubey**  
Chief Financial Officer

**Manish Narang**  
President - Legal & Company Secretary

**P.V.Damodaran**  
Sr.VP - Business Finance

Mumbai  
Date : 26 May 2017

Mumbai  
Date: 26 May 2017

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2017

Particulars	Note No.	(₹ in Million)	
		For the year ended 31 March 2017	For the year ended 31 March 2016
<b>1 Income</b>			
(a) Revenue from Operations	3.20	58,525.0	50,479.3
(b) Other Income	3.21	1,120.1	2,397.1
<b>Total Income</b>		<b>59,645.1</b>	<b>52,876.4</b>
<b>2 Expenses</b>			
(a) Cost of materials consumed	3.22	14,493.2	11,733.3
(b) Purchases of Stock-in-Trade		10,618.1	8,949.9
(c) Changes in inventories of finished goods, Stock-in-trade and work-in-progress	3.23	(2,896.0)	(1,044.4)
(d) Employee benefits expenses	3.24	10,038.5	8,610.8
(e) Finance Costs	3.25	451.6	712.4
(f) Depreciation and amortisation expense	3.1	1,011.7	933.1
(g) Other expenses	3.26	16,281.7	13,697.2
<b>Total Expenses</b>		<b>49,998.8</b>	<b>43,592.3</b>
<b>3 Profit before tax (1) - (2)</b>		<b>9,646.3</b>	<b>9,284.1</b>
<b>4 Tax expenses</b>	3.8A		
(a) Current tax		2,452.8	2,179.6
(b) Deferred tax (net)		(1,853.2)	(417.8)
<b>Total Tax Expenses</b>		<b>599.6</b>	<b>1,761.8</b>
<b>5 Profit for the year (3) - (4)</b>		<b>9,046.7</b>	<b>7,522.3</b>
<b>6 Profit attributable to Non-Controlling Interest</b>	3.39	(126.4)	(106.4)
<b>7 Profit attributable to Owners of the Parent (5) - (6)</b>		<b>8,920.3</b>	<b>7,415.9</b>
<b>8 Other Comprehensive Income</b>			
(a) Items that will not be reclassified to profit or loss			
(i) Remeasurements of defined benefit plans	3.29	(64.5)	(3.1)
(ii) Tax on Remeasurements of defined benefit plans	3.8A	22.3	1.3
(b) Items that will be reclassified to profit or loss			
(i) Foreign Currency Translation difference of Foreign operations		(189.4)	149.6
<b>Total of Other Comprehensive Income for the year, net of tax</b>		<b>(231.6)</b>	<b>147.8</b>
<b>9 Other Comprehensive income attributable to Non-Controlling Interest</b>	3.39	<b>2.4</b>	<b>(1.6)</b>
<b>10 Other Comprehensive income attributable to Owners of the Parent (8)- (9)</b>		(229.2)	146.2
<b>11 Total Comprehensive Income for the year (5) + (8)</b>		<b>8,815.1</b>	<b>7,670.1</b>
<b>12 Total Comprehensive income attributable to Non-Controlling Interest (6) + (9)</b>		(124.0)	(108.0)
<b>13 Total Comprehensive income attributable to Owners of the Parent (11)- (12)</b>		<b>8,691.1</b>	<b>7,562.1</b>
<b>14 Earnings per share (in ₹) : Face value of ₹ 2each</b>			
Basic / Diluted earnings per share	3.34	74.61	62.02
Significant Accounting Policies	2A		
Notes to the Consolidated Financial Statements	3		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached,

For and on behalf of the Board of Directors of Alkem Laboratories Limited  
CIN: L00305MH1973PLC174201

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

**Sadashiv Shetty**  
Partner  
Membership No. 048648

**Samprada Singh**  
Chairman Emeritus  
DIN No.00760279

**M.K. Singh**  
Director  
DIN No.00881412

**Manish Narang**  
President - Legal & Company Secretary

**B.N. Singh**  
Executive Chairman  
DIN No.00760310

**Prabhat Agrawal**  
Chief Executive Officer

**P.V.Damodaran**  
Sr.VP - Business Finance

**B.P. Singh**  
Director  
DIN No.00739856

**Rajesh Dubey**  
Chief Financial Officer

Mumbai  
Date : 26 May 2017

Mumbai  
Date: 26 May 2017

# CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 31 March 2017

Particulars	(₹ in million)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>A Cash Flow from Operating Activity:</b>		
Profit before Tax	9,646.3	9,284.1
<b>Adjustment to reconcile profit before tax to net cash flow:</b>		
Depreciation and amortisation expense	1,011.7	933.1
Profit/loss on sale of investments	(24.8)	(4.4)
Unrealised gain on fair valuation of investments	(3.2)	(653.1)
Loss on sale of assets	20.6	127.5
Employee stock compensation expenses	3.7	0.2
Unrealised foreign currency gain / loss on revaluation (net)	(102.0)	16.0
Dividend Income	(0.8)	(1.0)
Income from investment in funds	-	(102.0)
Share in profits of associates/joint ventures	-	(32.7)
Interest Income	(1,201.6)	(1,272.7)
Interest expenses	609.7	673.6
Bad Debts/Advances written off	15.3	146.0
Provision of doubtful debts	26.2	50.6
Rent and compensation Income	(24.7)	(25.3)
<b>Subtotal of Adjustments</b>	<b>330.2</b>	<b>(144.2)</b>
<b>Operating profit before working capital changes</b>	<b>9,976.5</b>	<b>9,139.8</b>
Changes in working capital:		
Increase in trade receivables	(1,609.0)	(430.1)
Increase in loans, other financial assets and other assets	(1,282.4)	(851.7)
Increase in inventories	(3,034.7)	(1,179.9)
Increase in trade payable, other financial liabilities and other liabilities	1,959.6	2,178.5
Increase in provisions	327.9	383.7
<b>Subtotal of adjustments</b>	<b>(3,638.6)</b>	<b>100.5</b>
<b>Cash generated from operations</b>	<b>6,337.9</b>	<b>9,240.3</b>
Less: Income taxes paid ( net of refund)	2,639.6	1,982.0
<b>Net Cash generated from operating activities</b>	<b>3,698.3</b>	<b>7,258.3</b>
<b>B Cash Flow from Investing Activities:</b>		
Purchases of property, plant and equipment	(6,448.4)	(2,572.0)
Sale of property, plant and equipment	104.6	37.4
Proceeds from sale of investments (net)	-	324.7
Purchase of Investments (net)	(416.5)	-
Capital subsidy received	3.9	-
Proceeds from real estate fund	-	389.2
Redemption in bank deposits having maturity of more than 3 months	2,639.8	2,226.3
Dividend received	0.8	1.0
Interest received	1,231.7	1,588.7
Rent received	24.7	27.4
<b>Net cash generated from / (used in) investing activities</b>	<b>(2,859.3)</b>	<b>2,022.7</b>

# CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 31 March 2017

Particulars	(₹ in million)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>C Cash Flow from Financing Activities:</b>		
Proceeds / (Repayment) of non current borrowings	1,640.0	125.7
Repayment of current borrowings	(506.2)	(6,840.1)
Dividends and corporate dividend tax paid	(863.4)	(1,845.0)
Interest and bank charges paid	(636.2)	(713.3)
<b>Net cash (used) in financing activities</b>	<b>(365.8)</b>	<b>(9,272.7)</b>
<b>D Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>473.1</b>	<b>8.3</b>
<b>E Cash &amp; Cash Equivalents as at the beginning of the year</b>	<b>1,270.5</b>	<b>1,237.5</b>
Add/Less: Exchange difference on cash and cash equivalents	(77.3)	24.7
<b>F Cash &amp; Cash Equivalents as at the end of the year (D+E)</b>	<b>1,666.3</b>	<b>1,270.5</b>

## Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows"
- Purchase of Property, Plant and Equipment includes movements of capital work-in-progress (including capital advances) during the year

**Significant Accounting Policies**  
**Notes to the Consolidated Financial Statements**

**Note 2A**  
**Note 3**

The accompanying notes are an integral part of these financial statements  
As per our report of even date attached,

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

**Sadashiv Shetty**  
Partner  
Membership No. 048648

Mumbai  
Date: 26 May 2017

For and on behalf of the Board of Directors of Alkem Laboratories Limited  
CIN: L00305MH1973PLC174201

**Samprada Singh**  
Chairman Emeritus  
DIN No.00760279

**M.K. Singh**  
Director  
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**P.V.Damodaran**  
Sr.VP - Business Finance

**B.P. Singh**  
Director  
DIN No.00739856

**Rajesh Dubey**  
Chief Financial Officer

Mumbai  
Date: 26 May 2017

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
<b>(a) Equity share capital</b>						
Balance at the beginning of the reporting period	-	-	119,565,000	239.1	119,565,000	239.1
Changes in equity share capital during the year	-	-	-	-	-	-
Balance at the end of the reporting period	<b>119,565,000</b>	<b>239.1</b>	<b>119,565,000</b>	<b>239.1</b>	<b>119,565,000</b>	<b>239.1</b>
<b>(b) Other Equity</b>						
	Attributable to Owners of the Parent			Total other equity attributable to Owners of the Parent		Total other equity attributable to Non-controlling interest
Particulars	Reserves and Surplus	Items of OCI	Exchange differences on translation of Foreign operations	Remeasurement of Defined benefit plans	Total other equity attributable to Owners of the Parent	Total Other Equity
	Capital reserve	Employee stock option outstanding account	General reserve	Retained Earnings		
Balance as at 1 April 2015	5.2	-	19,380.5	11,561.9	30,947.6	847.2
<b>Total Comprehensive Income for the year ended 31 March 2016</b>	-	-	-	7,415.9	7,415.9	106.4
Profit for the year	-	-	-	-	-	-
Other Comprehensive Income ("OCI") for the year (net of tax)	-	-	-	(3.4)	(3.4)	1.6
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>7,415.9</b>	<b>7,562.1</b>	<b>108.0</b>
Dividend on Equity Shares (Refer Note 3.37)	-	-	-	(1,518.4)	(1,518.4)	(5.0)
Dividend Distribution Tax	-	-	-	(311.0)	(311.0)	-
Employee compensation expense for the year (Refer Note 3.47)	-	0.2	-	-	0.2	-
Transfer to General Reserve from Retained Earnings	-	-	170.0	(170.0)	-	-
<b>Balance as at 31 March 2016</b>	<b>5.2</b>	<b>0.2</b>	<b>19,550.5</b>	<b>16,978.4</b>	<b>36,680.5</b>	<b>950.2</b>
<b>Total Comprehensive Income for the year ended 31 March 2017</b>	-	-	-	-	-	-
Profit for the year	-	-	-	8,920.3	8,920.3	126.4
Other Comprehensive Income for the year (net of tax)	-	-	-	(189.4)	(229.2)	(2.4)
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>8,920.3</b>	<b>8,691.1</b>	<b>124.0</b>
Dividend on Equity Shares (Refer Note 3.37)	-	-	-	(717.4)	(717.4)	-
Dividend Distribution Tax	-	-	-	(146.0)	(146.0)	-
Employee compensation expense for the year (Refer Note 3.47)	-	3.7	-	-	3.7	-
Addition on account of capital reserve	2.0	-	-	-	2.0	1.9
Decrease in equity on acquisition of additional stake in subsidiary (Refer Note 3.39)	-	-	-	(76.6)	(76.6)	76.2
Transfer to General Reserve from Retained Earnings	-	-	140.0	(140.0)	-	-
<b>Balance as at 31 March 2017</b>	<b>7.2</b>	<b>3.9</b>	<b>19,690.5</b>	<b>24,818.7</b>	<b>44,437.3</b>	<b>1,152.3</b>
				<b>(43.2)</b>		<b>45,589.6</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017

**The Description of the nature and purpose of each reserve within equity as follows:**

**Capital Reserve:** Capital reserve represents investment subsidies from state government

**Employee Stock Options Outstanding Account:** The fair value of the equity-settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account.

**General Reserve:** The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

**Retained Earnings:** Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

As per our report of even date attached,

For and on behalf of the Board of Directors of Alkem Laboratories Limited  
CIN: L00305MH1973PLC174201

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

**Samprada Singh**  
Chairman Emeritus  
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**B.N. Singh**  
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President - Legal & Company Secretary

**P.V.Damodaran**  
Sr.VP - Business Finance

Mumbai  
Date : 26 May 2017

# NOTES

to the Consolidated Financial Statements

## 1 General Information

Alkem Laboratories Limited ('the Company') was incorporated in 1973 under the provisions of Companies Act, 1956 of India, as a Company with limited liability. The Company is domiciled in India with its registered office address being, Lower Parel, Mumbai – 400013, India. The Company is engaged in pharmaceutical business with global operations. The Company is engaged in the development, manufacture and sale of pharmaceutical and nutraceutical products. These consolidated financial statements comprise the Company, its subsidiaries and joint ventures (collectively the 'Group' and individually 'Group companies').

## 2A Significant Accounting Policies:

### 2.1 Basis of preparation of Financial Statements:

#### a) Statement of compliance

The consolidated financial statements of the Group as at and for the year ended 31 March 2017 have been prepared in accordance with Indian Accounting standards ('Ind AS') notified by the Ministry of Corporate Affairs in consultation with the National Advisory Committee on Accounting Standards, under section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and the relevant provisions of the Act.

These consolidated financial statements are Group's first Ind AS financial statements and are covered by Ind AS 101, First-time adoption of Indian Accounting Standards. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ("Indian GAAP") which is considered as the "Previous GAAP" for purposes of Ind AS 101. An explanation of how the transition to Ind AS has affected the Group's equity, its net profit and its cash flows is provided in **Note 3.42**. The consolidated Financial statements are prepared in Indian rupees rounded off to the nearest million except for share data and per share data, unless otherwise stated.

The consolidated financial statements are authorised for issue by the Board of Directors of the Company at its meeting held on 26 May 2017.

#### b) Basis of preparation and presentation

The preparation of financial statements in accordance with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in **Note 2B**. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Group presents assets and liabilities in Consolidated Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

# NOTES

to the Consolidated Financial Statements

## c) Basis of measurement

These consolidated financial statements are prepared under historical cost convention unless otherwise indicated.

## d) Functional and Presentation Currency

These consolidated financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

## 2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities it controls, both unilaterally and jointly.

### (a) Accounting for Subsidiaries

A subsidiary is an entity over which the Group has control. Control is achieved when the Group is exposed to, or has rights to, variable returns from

its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statement from the date on which control commences until the date on which control ceases.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and profits/losses, unless cost/revenue cannot be recovered.

The details of the subsidiaries consolidated are as follows:

Name of Subsidiaries	Principal place of Business	% of Shareholding and voting power		
		As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Alkem Laboratories ( Nigeria) Limited	Nigeria	100%	100%	100%
Alkem Laboratories Corporation	Philippines	100%	100%	100%
Alkem Laboratories Pty Ltd	South Africa	100%	100%	100%
S & B Holdings B.V	Netherlands	100%	100%	100%
Alkem Pharma GmbH	Germany	100%	100%	100%
Pharmacor Pty Ltd	Australia	100%	100%	100%
The PharmaNetwork LLC*	USA	100%	100%	100%
Ascend Laboratories SpA	Chile	100%	100%	100%
Ascend Laboratories SDN BHD.	Malaysia	100%	100%	100%
S & B Pharma Inc	USA	100%	100%	100%
Enzene Biosciences Limited	India	100%	100%	100%
Ascend Laboratories, LLC**	USA	100%	100%	100%
Alkem Laboratories, Korea Inc	Korea	100%	100%	100%
Pharmacor Ltd.	Kenya	100%	100%	100%
The PharmaNetwork, LLP	Kazakhstan	100%	100%	100%
Alkem Real Estate LLP#	India	-	-	99%
Ascend Laboratories (UK) Limited	United Kingdom	100%	100%	100%
Cachet Pharmaceuticals Private Limited (w.e.f. March 27, 2015) ("CPPL")	India	59%	51%	51%
Indchemie Health Specialities Private Limited (w.e.f. March 30, 2015) ("IHSPL")	India	51%	51%	51%
Avenue Venture Real Estate Fund (till 9 March 2016)	India	100%***	100%***	100%

\*Ownership interest held through S & B Holding B.V., Netherlands

\*\* Ownership interest held through The PharmaNetwork LLC

\*\*\* Pursuant to the approval of the Board of Directors in its meeting held on 9 March 2016, the Group in order to focus on its core business activities and for other commercial reasons, restructured its investment in Avenue Real Estate Fund ("Fund") by entering into an option agreement with Mr. Tushar Kumar for grant of unconditional option exercisable without restriction at the option of the option holder to purchase the trust units held by the Company in the Fund at an option price of 102% of the fair market value of each trust unit as on the exercise date. This Agreement shall remain in force for a period of 2 years from the execution date and may be renewed with mutual consent of the parties. This has resulted into a loss of control of the Group in the Fund and accordingly is not consolidated w.e.f 9 March 2016.

# Alkem Real Estate LLP has been wound up on 11 September 2015

# NOTES

to the Consolidated Financial Statements

## (b) Equity accounted investee

The Group's interests in equity accounted investees include interest in joint ventures. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence or joint control ceases.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. Unrealised gain on transactions between the Group and its Joint Ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The details of joint ventures that were accounted under equity method of accounting are as follows

Name of Joint Ventures	Country of Incorporation	% of Shareholding and voting power		
		As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
India Golf Assets Private Limited (till 9 March 2016)	India	85%***	85%***	85%
BBCL Srishti Homes LLP (till 9 March 2016)	India	80%***	80%***	80%
Casa Grande Realtors LLP (till 9 March 2016)	India	80%***	80%***	80%
Energia Skyi Ventures LLP (till 9 March 2016)	India	50%***	50%***	50%
Rohan Procon LLP (till 9 March 2016)	India	66%***	66%***	66%
Vastushodh Infrastructures LLP (till 9 March 2016)	India	80%***	80%***	80%
Casa Grande Shelter LLP (till 31 October 2015)	India	0%***	0%***	84%

## (c) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable asset at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Non-controlling interest is presented separately from the liabilities or assets and the equity of the shareholders in the consolidated Balance Sheet. Non-controlling interest in the profit or loss of the Group is separately presented.

## (d) Loss of control

When the Group loses control over a subsidiary, it derecognises the asset and liabilities of the subsidiary, any related NCI and other component of equity. Any interest retained in the form of subsidiary is measured at fair value at the date control is lost. Any resulting gain or loss is recognised in profit or loss.

## (e) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to

the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## (f) Business Combination

As part of its transition to Ind AS, the Group has elected to apply the relevant Ind AS, viz. Ind AS 103, Business Combinations, to only those business combinations that occurred on or after 1 April 2015. In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment (see Note 3.38). Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

# NOTES

to the Consolidated Financial Statements

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in profit or loss.

Business combination between entities under common control is accounted using pooling of interest method of accounting. Under pooling of interest method of accounting, none of the assets or liabilities are restated to their fair values. Instead, the acquirer incorporates carrying values from the date on which the business combination between entities under common control occurred.

## 2.3 Property, plant and equipment ("PPE")

### i) Recognition and Measurement

- a) Items of Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of Property, plant and equipment comprises its purchase price, including import duties and other non refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use incurred up to that date.

- b) If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of Property, plant and equipment.

- c) Any gain or loss on disposal of an item of property plant and equipment is recognised in consolidated statement of profit and loss.

- d) Cost of Items of Property, plant and equipment not ready for intended use as on the balance sheet date, is disclosed as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advance under Other non current assets.

### ii) Subsequent expenditure

Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

### iii) Depreciation and Amortisation:

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed under Schedule II to the Act or as per technical assessment. The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which is asset is ready to use / (disposed of). Freehold land is not depreciated.

In case of following assets, the assessed useful life is as under:

PPE	Company and Subsidiary in India	Step down Subsidiary TPN LLC, USA and S&B Pharma Inc., USA	Subsidiary in Australia	Subsidiary in Nigeria	Subsidiary in Philippines	Subsidiary in South Africa	Subsidiary in Chile	Subsidiary in Kazakhstan
Buildings	5-59 years	-	-	-	-	-	-	-
Leasehold land	Over the period of lease	7 - 40 years	5 years	-	3 Years	-	-	-
Plant and machinery	1 - 20 years	5 - 7 years	-	-	-	-	-	-
Furniture and fixtures	10 years	7 years	5 years	5 years	3 Years	6 Years	10 Years	5 - 6 Years
Office equipment	3 - 6 years	5 years	2.5 years	5 years	3 Years	3 Years	3.5 - 4.83 years	4 Years
Vehicle	8 years	5 years	-	4 years	-	-	8 years	3-6 Years

# NOTES

to the Consolidated Financial Statements

## 2.4 Intangible Assets:

### I. Recognition and measurement

Research and development	Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets, such as computer software and trademarks and patents, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.
Goodwill	Goodwill is initially recognised based on the accounting policy for business combinations ( <b>refer note 2.2 (f)</b> ). These assets are not amortised but are tested for impairment annually.

### II. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

### III. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate

The estimated useful lives for current and comparative periods are as follows:

Intangible asset	Company and Subsidiary in India	Step down Subsidiary TPN LLC, USA and S&B Pharma Inc., USA	Subsidiary in Australia	Subsidiary in Philippines	Subsidiary in Kazakhstan
Trademark and patents	5 years	-	-	-	-
Computer Software	3 - 6 years	3 years	3 years	3 Years	2.5 Years
Intangible assets – Technology	-	15 years	-	-	-

## 2.5 Impairment of non-financial assets:

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets with indefinite useful life are tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current

market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 2.6 Operating Leases/ Finance lease:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as Operating Leases.

# NOTES

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**Operating Lease:** Lease rentals are charged or recognized in the Statement of Profit and Loss on a straight-line basis over the lease term, except where the payment are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

**Finance Lease:** Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs.

## 2.7 Financial instruments

Recognition initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

### Classification and subsequent measurement

#### Financial Assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI -debt investment;
- FVOCI -equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

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- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated -e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest  
 For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group

considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features). A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

## Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

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## Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or loss on derecognition is also recognized in profit or loss.

## Derecognition

### Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Group also derecognises a financial liability when its terms are modified and the cash flow under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

## Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## 2.8 Equity instruments

Equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issuance costs.

## 2.9 Inventories:

- a) Raw Materials and Packing Materials are valued at cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. If the decline in price of materials indicate that the cost of finished goods exceeds net realisable value, the materials are written down to net realisable value; cost is calculated on moving weighted average basis.
- b) Finished Goods and Work-in-Progress are valued at lower of cost (on Moving weighted average basis) and net realisable value. In respect of finished goods, cost includes materials, appropriate share of utilities, other overheads and applicable excise duty. Trading Goods are valued at lower of cost (on Moving weighted average basis) and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
- c) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

## 2.10 Revenue Recognition:

- a) Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of products are transferred by the Group and no significant uncertainty exist regarding the amount of consideration that will be derived from the sale of goods as well as regarding its ultimate collection. Revenue from product sales is stated net of returns, sales tax and applicable trade discounts and allowances. Revenue from product sales includes excise duty, wherever applicable. Sales are also netted off for probable saleable and non-saleable return of goods from the customers, estimated on the basis of historical data of such

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returns. Additionally in case of Subsidiaries in the U.S. customer rebates are estimated at the end of every reporting period, based on direct or indirect purchases. If the purchases are direct (purchases made by end use customers directly from the Company), the rebates are recognised when products are purchased and a periodic credit is given. For indirect purchases (purchases by end use customers through wholesale customers), the rebates are recognised based on the terms with such customer and validated against available chargeback data. Medicaid rebates are estimated based on the historical data the Company receives from the public sector benefit providers, which is based on the final dispensing of the products by a pharmacy to a benefit plan participant.

- b) Revenue (including in respect of insurance or other claims, interest etc.) is recognised when it is reasonable to expect that the ultimate collection will be made.
- c) Income from research and product registration (dossiers) services are deferred and allocated to the sales price of the product based on the best estimate of the sales that will be made by the contracting party over the contract period.
- d) Dividend from investment is recognised as revenue when right to receive the payments is established.
- e) Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and no significant uncertainty exist regarding its ultimate collection.

## 2.11 Foreign currencies

### i. Foreign Exchange Transactions:

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the

transaction. Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the following items which are recognised in OCI:

- equity investments at fair value through OCI (FVOCI);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

### ii. Foreign operations:

The assets and liabilities of foreign subsidiaries including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

In accordance with Ind AS 101, the Group has elected to deem foreign currency translation differences that arose prior to the date of transition to Ind AS, i.e. 1 April 2015, in respect of all foreign operations to be nil at the date of transition. From 1 April 2015 onwards, such exchange differences are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant portion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in a joint venture while retaining significant influence or joint control, the relevant proportion of cumulative amount is reclassified to profit or loss.

## 2.12 Employee Benefits:

- a) **Post Employment Benefits and Other Long Term Benefits:**
  - i) **Defined Contribution Plan:**  
Group's contribution for the year paid/payable to defined

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contribution retirement benefit schemes are charged to Statement of Profit and Loss

The Group's contribution towards provident fund and superannuation fund for certain eligible employees are considered to be defined contribution plan for which the Group made contribution on monthly basis.

**ii) Defined Benefit and Other Long Term Benefit Plans:**

Group's liabilities towards defined benefit plans and other long term benefits viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Statement of other comprehensive income in the period of occurrence of such gains and losses. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets, if any.

**b) Short term Employee Benefits:**

Short term employee benefits are benefits payable and recognised in 12 months. Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the year as the related service are rendered by the employee. These benefits include performance incentives.

**2.13 Taxes on Income:**

Income tax expense represents the sum of the current tax and deferred tax.

**i) Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternate Tax (MAT) under the provision of Income Tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available

under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

**ii) Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets- unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

## 2.14 Borrowing Costs:

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss of the period in which they are incurred.

## 2.15 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised if as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount can not be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

## 2.16 Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

## 2.17 Government Grants:

Grants related to depreciable assets are treated as deferred income which is recognised in the Statement of profit and loss on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. Government Grants of revenue nature is reduced from related expenses in the statement of Profit and Loss in the year of its receipt or when there is a reasonable assurance of its being received.

## 2.18 Cash and cash equivalents:

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank including fixed deposits (having original maturity of less than 3 months), cheques in hand and cash in hand.

## 2.19 Employee Stock option Scheme

The excess of fair value of shares, at the date of grant of options under the Employee Stock Option Schemes of the Company, over the exercise price is regarded as employee compensation, and recognised on a straight-line basis over the period over which the employees would become unconditionally entitled to apply for the shares.

## 2B Critical accounting judgements and key sources of estimation uncertainty

The Group prepares its financial statements in accordance with Ind AS as issued by the MCA, the application of which often requires judgments to be made by management when formulating the Group's financial position and results. The Directors are required to adopt those accounting policies most appropriate to the Company's circumstances for the purpose of presenting fairly the Group's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgment is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Company should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provide an explanation of each below. The discussion below should also be read in conjunction with the Company's disclosure of significant

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accounting policies which are provided in **Note 2A** to the consolidated financial statements, 'Significant accounting policies'.

**a. Determination of control of subsidiaries and joint arrangement**

Judgement is required to determine whether the Company has control or joint control, which requires an assessment of the relevant activities (those including establishing operating and capital decisions of the arrangement, such as: the approval of the budget including capital expenditure of the programme for each year, determining the funding structure and appointing, remunerating and terminating the key management personnel or service providers of the operations) and when the decisions in relation to those activities are under the control of the Company or require unanimous consent. Judgement is also required in determining the classification of joint arrangement between a joint venture and a joint operation through an evaluation of the rights and obligations arising from the arrangement. Differing conclusions around these judgements may materially impact how these businesses are presented in the consolidated financial statements-under full consolidation method, equity method or proportionate share of assets and liabilities.

**b. Determination of functional currency of foreign operations**

Judgement is required to determine the functional currency of foreign operations, which requires evaluation of the primary economic environment in which the foreign operations operate. Factors that are considered in such evaluation include :-

- (i) the currency that mainly influences sales price for goods;
- (ii) the currency of the country whose competitive forces and regulations mainly determine the sales price of goods;
- (iii) the currency that mainly influences labour, material and other costs of providing goods or services;
- (iv) the currency in which funds from financing activities;
- (v) the currency in which receipts from operating activities are usually retained.
- (vi) whether the activities of the foreign operation are carried out as an extension of the reporting entity;

(vii) whether transactions with the reporting entity are a high or a low proportion of the foreign operation's activities;

(viii) whether cash flows from the activities of the foreign operation directly affect the cash flows of the reporting entity and are readily available for remittance to it; and

(ix) whether cash flows from the activities of the foreign operation are sufficient to service existing and normally expected debt obligations without funds being made available by the reporting entity. Differing conclusions around these judgements may materially impact how foreign exchange differences arising on translation of these foreign operations are reported in the consolidated financial statements.

**c. Estimate of current and deferred tax**

The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/losses and/or cash flows.

The complexity of the Company's structure makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Company and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the Company operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the Consolidated Statement of Profit and Loss and tax payments.

**d. Recognition of MAT credit entitlement**

The credit availed under MAT is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. This requires significant management judgement in determining the expected availment of the credit based on business plans and future cash flows of the Company.

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**e. Recognition of deferred tax assets**

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

**f. Estimation of useful life**

The useful life used to amortise or depreciate intangible assets or property, plant and equipment respectively relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset based on its technical expertise. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Consolidated Statement of Profit and Loss.

The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

**g. Provisions and contingent liabilities**

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent

liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

**h. Fair value measurements and valuation processes**

Some of the Company's assets and liabilities are measured at fair value for the financial reporting purposes. Central corporate treasury team works with various banks for determining appropriate fair value of derivative assets and liabilities. Central treasury team reports to the Chief Financial Officer. In estimating the fair value of derivative assets and liabilities, the Company uses market-observable data to the extent it is available.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note

**i. Provision for anticipated sales return:**

In determining the provision for anticipated sales returns, estimates for probable saleable and non-saleable returns of goods from the customers are made on scientific basis after factoring in the historical data of such returns and its trend.

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## 3.1 Property, plant and equipment and Other Intangible Assets

Refer Note 2.3 for accounting policy

Particulars	Property plant and equipment							Other Intangible assets				Capital work in progress		
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipments	Total	Computer Software	Trade Mark & Patents	Technology		Goodwill	Total
<b>At deemed Cost</b>														
As at 1 April 2015	1,217.8	188.0	2,541.2	5,251.4	185.9	180.4	160.4	9,725.1	79.2	266.1	151.8	114.4	611.5	
Additions	47.1	68.2	437.4	802.4	54.4	46.2	100.5	1,556.2	44.0	-	-	88.2	132.2	
Adjustments	(14.8)	-	-	(7.4)	(0.9)	-	6.1	(2.4)	-	-	-	-	-	
Deletions	(18.5)	-	(4.5)	(148.7)	(7.9)	(16.0)	(4.0)	(199.6)	-	-	-	-	-	
Foreign Exchange Differences on account of foreign operations	-	3.7	11.1	1.7	0.5	(5.0)	0.6	12.6	(1.8)	-	8.8	13.2	20.2	
<b>As at 31 March 2016</b>	<b>1,231.6</b>	<b>274.5</b>	<b>2,985.2</b>	<b>5,899.4</b>	<b>232.0</b>	<b>205.6</b>	<b>263.6</b>	<b>11,091.9</b>	<b>121.4</b>	<b>266.1</b>	<b>160.6</b>	<b>215.8</b>	<b>763.9</b>	
As at 1 April 2016	1,231.6	274.5	2,985.2	5,899.4	232.0	205.6	263.6	11,091.9	121.4	266.1	160.6	215.8	763.9	
Additions	52.6	210.4	1,241.2	2,802.4	60.1	87.7	192.9	4,647.3	44.3	-	-	-	44.3	
Adjustments	-	-	-	10.3	-	-	0.9	11.2	-	-	-	-	-	
Deletions	(15.0)	-	(2.0)	(120.5)	(18.2)	(17.8)	(0.5)	(174.0)	(1.5)	-	-	-	(1.5)	
Reclassification to assets held for sale	-	(20.2)	-	-	-	-	-	(20.2)	-	-	-	-	-	
Foreign Exchange Differences on account of foreign operations	-	(2.6)	(9.3)	(16.9)	(0.5)	0.9	(1.9)	(30.3)	(0.3)	-	(3.3)	(5.4)	(9.0)	
<b>As at 31 March 2017</b>	<b>1,269.2</b>	<b>462.1</b>	<b>4,215.1</b>	<b>8,574.7</b>	<b>273.4</b>	<b>276.4</b>	<b>455.0</b>	<b>15,525.9</b>	<b>163.9</b>	<b>266.1</b>	<b>157.3</b>	<b>210.4</b>	<b>797.7</b>	
<b>Depreciation and Amortisation</b>														
As at 1 April 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation/amortisation for the year	-	4.6	77.6	600.4	42.2	36.7	62.4	823.9	38.2	58.2	12.8	-	109.2	
Adjustments	-	0.3	-	(1.5)	(0.6)	(1.5)	-	(3.3)	-	-	-	-	-	
Deductions	-	-	(1.4)	(31.0)	(1.3)	(2.2)	(1.8)	(37.7)	-	-	-	-	-	
Foreign Exchange Differences on account of foreign operations	-	-	0.1	(0.3)	-	(1.1)	-	(1.3)	0.1	-	0.1	-	0.2	
<b>As at 31 March 2016</b>	<b>-</b>	<b>4.9</b>	<b>76.3</b>	<b>567.6</b>	<b>40.3</b>	<b>31.9</b>	<b>60.6</b>	<b>781.6</b>	<b>38.3</b>	<b>58.2</b>	<b>12.9</b>	<b>-</b>	<b>109.4</b>	
As at 1 April 2016	-	4.9	76.3	567.6	40.3	31.9	60.6	781.6	38.3	58.2	12.9	-	109.4	
Depreciation/amortisation for the year	0.1	7.6	94.1	637.9	42.0	36.3	80.4	898.4	42.0	58.2	13.1	-	113.3	
Adjustments	-	-	-	1.4	-	-	-	1.4	-	-	-	-	-	
Deductions	-	(0.1)	(0.6)	(61.3)	(17.9)	(8.7)	(1.3)	(89.9)	(1.5)	-	-	-	(1.5)	
Reclassification to assets held for sale	-	(2.0)	-	-	-	-	-	(2.0)	-	-	-	-	-	
Foreign Exchange Differences on account of foreign operations	0.0	0.3	(0.8)	(5.0)	(0.2)	(1.0)	(1.5)	(8.2)	(0.3)	-	(0.7)	-	(1.0)	
<b>As at 31 March 2017</b>	<b>0.1</b>	<b>10.8</b>	<b>169.0</b>	<b>1,140.6</b>	<b>64.2</b>	<b>58.5</b>	<b>138.2</b>	<b>1,581.4</b>	<b>78.5</b>	<b>116.4</b>	<b>25.3</b>	<b>-</b>	<b>220.2</b>	
<b>Net Book Value</b>														
As at 1 April 2015	1,217.8	188.0	2,541.2	5,251.4	185.9	180.4	160.4	9,725.1	79.2	266.1	151.8	114.4	611.5	1,117.4
As at 31 March 2016	1,231.6	269.6	2,908.9	5,331.8	191.7	173.7	203.0	10,310.3	83.1	207.9	147.7	215.8	654.5	1,724.2
<b>As at 31 March 2017</b>	<b>1,269.1</b>	<b>451.3</b>	<b>4,046.1</b>	<b>7,434.1</b>	<b>209.2</b>	<b>217.9</b>	<b>316.8</b>	<b>13,944.5</b>	<b>85.4</b>	<b>149.7</b>	<b>132.0</b>	<b>210.4</b>	<b>577.5</b>	<b>2,992.6</b>

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The Group has availed the deemed cost exemption in relation to the property plant and equipment and other intangible assets on the date of transition and hence the net block carrying amount of the earlier GAAP as at 31 March 2015 has been considered as the gross block carrying amount as at 1 April 2015. Refer note below for the gross block value and the accumulated depreciation on 1 April 2015 under the previous GAAP

	(₹ in million)				
Property, plant and equipment	Gross Block	Accumulated Depreciation	Net Block	Ind AS Adjustments (Refer Note 3.42)	Net Block Reported as at 1 April 2015
Freehold Land	1,217.8	-	1,217.8	-	1,217.8
Leasehold Land	199.7	10.3	189.4	(1.4)	188.0
Buildings	3,132.0	592.3	2,539.7	1.5	2,541.2
Plant and Machinery	7,373.0	2,118.4	5,254.6	(3.2)	5,251.4
Furniture and Fixtures	392.1	206.1	186.0	(0.1)	185.9
Vehicles	289.6	110.8	178.8	1.6	180.4
Office Equipments	369.6	209.4	160.2	0.2	160.4
<b>Sub Total (A)</b>	<b>12,973.8</b>	<b>3,247.3</b>	<b>9,726.5</b>	<b>(1.4)</b>	<b>9,725.1</b>
<b>Other Intangible Assets</b>					
Computer Software	348.1	268.9	79.2	-	79.2
Trade Mark & Patents	307.1	41.0	266.1	-	266.1
Technology	183.0	46.8	136.2	15.6	151.8
Goodwill	215.9	101.5	114.4	-	114.4
<b>Sub Total (B)</b>	<b>1,054.1</b>	<b>458.2</b>	<b>595.9</b>	<b>15.6</b>	<b>611.5</b>
<b>Grand Total (A) + (B)</b>	<b>14,027.9</b>	<b>3,705.5</b>	<b>10,322.4</b>	<b>14.2</b>	<b>10,336.6</b>

Refer **Note 3.14** on Borrowings, for the details related to charge on Property, plant and equipment of the Company

1. Addition to fixed assets include items of fixed assets aggregating ₹ **813.5 Million** (FY: 2015-16 ₹ 333.3 Million) (FY: 2014-15 ₹ 68.8 Million) located at Research and Development Centres of the Group.
2. Capital work in progress comprises expenditure in respect of various plants in the course of construction. Total amount of Capital work in progress is ₹ **1,117.4 million** as at 31 March 2017 (31 March 2016: ₹ 1,724.2 million; 1 April 2015: ₹ 2,992.6 million). This amount also includes capitalized borrowing costs related to the construction of various plants of ₹ **44.6 million** (For the year ended 31 March 2016: ₹ Nil), calculated using a capitalized rate of **4.6%** (For the year ended 31 March 2016: Nil).
3. Refer **Note 3.27(b)(1)** for contractual commitments with respect to property plant and equipments.
4. Depreciation and amortisation expense

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Depreciation expense	898.4	823.9
Amortisation expense	113.3	109.2
<b>Total</b>	<b>1,011.7</b>	<b>933.1</b>

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## 3.2 Investment in Joint ventures

The Group, through one of its subsidiaries, Avenue Venture Real Estate Fund ("Fund") (upto 9 March 2016) had interest in six joint ventures during the previous year ended 31 March 2016 and seven joint ventures as on 1 April 2015. These joint ventures are engaged in real estate development across various cities of India. The Group's interest in these joint ventures are accounted for using the Equity method in the Consolidated financial statements.

During the previous year ended 31 March 2016, pursuant to the approval of the Board of Directors in its meeting held on 9 March 2016, the Group restructured its investment in the Fund by entering into an option agreement with Mr.Tushar Kumar for grant of unconditional option exercisable without restriction at the option of the option holder to purchase the trust units held by the Company in the Fund at an option price of 102% of the fair market value of each trust unit as on the exercise date. This Agreement shall remain in force for a period of 2 years from the execution date and may be renewed with mutual consent of the parties. Consequently, the Group lost control of the Fund and its joint venture entities. Accordingly, the Group has discontinued equity accounting of the investment in these entities from 9 March 2016.

The summarised financial information of the these joint ventures based on its Ind AS financial statements, and reconciliation with carrying amount of the investment in the Group are set out as under.

Particulars	As at 1 April 2015							(₹ in million)
	India Golf Assets Private Limited	BBCL Srishti Homes LLP	Casa Grande Realtors LLP	Energies Skyi Ventures LLP	Rohan Procon LLP	Vastushodh Infrastructures LLP	Casa Grande Shelter LLP	
Current assets	473.0	416.7	313.6	889.8	984.0	239.4	411.8	
Non-current assets	1.1	0.0	0.8	13.2	0.9	0.7	464.4	
Non-current liabilities	0.2	-	-	200.8	-	1.3	-	
Current liabilities	314.6	105.1	6.1	238.4	22.3	2.4	126.5	
Equity	159.4	311.6	308.2	463.8	962.6	236.4	749.7	
<b>Proportion of the Group ownership</b>	<b>85%</b>	<b>80%</b>	<b>80%</b>	<b>50%</b>	<b>66%</b>	<b>80%</b>	<b>84%</b>	
<b>Carrying amount of the investment</b>	<b>135.5</b>	<b>249.3</b>	<b>245.4</b>	<b>435.4</b>	<b>554.4</b>	<b>189.0</b>	<b>267.5</b>	
Note : Partners Current account contribution for Casa Grande Realtors , Energies Skyi Ventures LLP and Rohan Procon LLP are not as per the profit sharing ratio.								
<b>Total</b>								<b>2,076.5</b>
<b>Debentures ( unquoted fully Paid)</b>								
<b>(15 % Class A optionally Convertible Debenture of India Golf Assets private Limited)</b>								210.4
<b>Grand Total</b>								<b>2,286.9</b>

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## Summarised Statement of Profit and Loss of the Joint Venture

(₹ in million)

Particulars	For the period 1 April 2015 to 9 March 2016						
	India Golf Assets Private Limited	BBCL Srishti Homes LLP	Casa Grande Realtors LLP	Energies Skyi Ventures LLP	Rohan Procon LLP	Vastushodh Infrastructures LLP	Casa Grande Shelter LLP
<b>Income</b>							
Other Income	60.2	96.0	-	203.0	-	0.1	-
work in progress	-	-	-	-	-	258.2	-
<b>Total</b>	<b>60.2</b>	<b>96.0</b>	<b>-</b>	<b>203.0</b>	<b>-</b>	<b>258.3</b>	<b>-</b>
Work in progress at the beginning	-	-	-	-	-	237.1	-
Cost of material consumed	111.0	-	-	164.9	-	8.6	-
Project cost	-	66.4	-	-	-	11.4	-
Finance Cost	37.1	0.1	0.3	1.5	-	0.7	-
Depreciation	0.6	0.0	0.1	2.0	-	0.1	-
Other Expense	25.2	7.6	4.4	17.4	-	18.5	-
	<b>173.9</b>	<b>74.1</b>	<b>4.8</b>	<b>185.8</b>	<b>-</b>	<b>276.3</b>	<b>-</b>
<b>Profit before tax</b>	<b>(113.7)</b>	<b>21.9</b>	<b>(4.8)</b>	<b>17.2</b>	<b>-</b>	<b>(18.0)</b>	<b>-</b>
Income tax expense	(0.2)	8.1	(2.4)	6.4	-	-	-
Profit for the year	<b>(113.5)</b>	<b>13.8</b>	<b>(2.4)</b>	<b>10.8</b>	<b>-</b>	<b>(18.0)</b>	<b>-</b>
Group's Share of Profit (%)	<b>85%</b>	<b>80%</b>	<b>80%</b>	<b>50%</b>	<b>66%</b>	<b>80%</b>	<b>84%</b>
Group's Share of Profit	<b>(96.5)</b>	<b>11.0</b>	<b>(1.9)</b>	<b>5.4</b>	<b>-</b>	<b>(14.4)</b>	<b>-</b>
Total Group's Share of Profit from its investment in joint venture							(96.3)
<b>Add: Realised profit on account of Casa Grande Shelter LLP</b>							129.0
<b>Income from Investment in Joint Venture</b>							<b>32.7</b>

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### 3.3 : Investments: Refer Note.2.7 for accounting policy

	Units as at				Face Value	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	As at 1 April 2015
	31 March 2017	31 March 2016	1 April 2015	1 April 2015					
									(₹ in million)
<b>A. Non-current Investments</b>									
<b>1) In Equity Shares: [at fair value through profit and loss]</b>									
Unquoted:									
Bharuch Eco-Aqua Infrastructure Limited	510,000	510,000	510,000	INR 10	5.1	5.1	5.1	5.1	
Shivalik Solid Waste Management Limited	36,000	36,000	36,000	INR 10	0.4	0.4	0.4	0.4	
Propstack Services Private Limited (₹ 20,000 (31 March 2016 ₹ 20,000; 1 April 2015 ₹ 20,000))	2,000	2,000	2,000	INR 10					
The Saraswat Co-operative Bank Limited	107,000	107,000	107,000	INR 10	1.1	1.1	1.1	1.1	
					6.6	6.6	6.6	6.6	
<b>2a) Investment in Venture Capital Funds</b>									
Unquoted: [at fair value through profit and loss]:									
Asia Healthcare Fund Investment Trust (Units of ₹ 100 each, Paid up value per unit of ₹ 75 each, (31 March 2016; ₹ 75 each; 1 April 2015 ₹ 70 each)	183,566	183,566	183,566	100	11.1	11.1	11.1	10.4	
Tata Capital Healthcare Fund (Units of ₹ 1 each, Paid up value per unit of ₹ 0.9 each (31 March 2016; ₹ 0.9 each; 1 April 2015 ₹ 0.5 each)	100,000,000	100,000,000	100,000,000	1	115.7	132.2	77.6		
India Business Excellence Fund (Units of ₹ 1,000,000 each, Paid up value per unit of ₹ 975,000 each (31 March 2016; ₹ 975,000 each; 1 April 2015 ₹ 975,000 each)	25	25	25	1000000	36.3	42.7	46.4		
India Business Excellence Fund-II (Units of ₹ 1,000 each, Paid up value per unit of ₹ 625 each (31 March 2016; ₹ 625 each; 1 April 2015 ₹ 400 each)	100,000	100,000	100,000	1000	79.0	53.4	20.4		
Yournest Angel Fund-Scheme 1 (Units of ₹ 10,000 each, Paid up value per unit of ₹ 7,573 each (31 March 2016 ₹ 7,573 each 1 April 2015 ₹ 7,573 each)	2,000	2,000	2,000	10000	21.8	17.8	18.3		
Indusage Technology Venture Fund I (Units of ₹ 1,000 each, Paid up value per unit of ₹ 250 each (31 March 2016 ₹ 250 each; 1 April 2015 ₹ 250 each)	20,000	20,000	20,000	10000	21.7	16.7	18.5		
<b>2b) Investment in Mutual Funds</b>									
Quoted: [at fair value through profit and loss]:									
Motilal Oswal Most Focused Multicap 35 Fund - Regular - Growth	4,859,862	2,923,388	2,039,518	INR 10	110.7	48.5	34.7		
Motilal Oswal Most Focused Multicap 25 Fund - Regular - Growth	675,648	675,648	Nil	INR 10	12.6	9.9	-		

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	Units as at					Face Value		As at		As at	
	31 March 2017	31 March 2016	1 April 2015	1 April 2015	31 March 2017	31 March 2016	31 March 2016	31 March 2016	1 April 2015	1 April 2015	
Franklin India High Growth Companies Fund-Growth	325,362	Nil	Nil	Nil	INR 11.3	10	-	-	-	-	
Franklin India Prima Plus - Growth	10,606	Nil	Nil	Nil	INR 5.4	10	-	-	-	-	
Birla Sun Life Top 100 Fund - Growth	107,848	Nil	Nil	Nil	INR 5.5	10	-	-	-	-	
ICICI Prudential Value Discovery Fund - Growth	41,169	Nil	Nil	Nil	INR 5.5	10	-	-	-	-	
HDFC Charity Fund For Cancer Cure-Debt Plan	500,000	Nil	Nil	Nil	INR 5.0	10	-	-	-	-	
<b>3) Debentures :(at amortised cost):</b>					<b>441.6</b>	<b>332.3</b>	<b>332.3</b>	<b>332.3</b>	<b>226.3</b>	<b>226.3</b>	
<b>Non Convertible</b>											
<b>Unquoted</b>											
12.50% Cholamandalam Investment and Finance Limited	40	40	40	40	500000	20.0	20.0	20.0	20.0	20.0	
10.17% HDB financial Service Limited (Refer Note 4)	Nil	200	200	200	1000000	-	200.5	201.5	201.5	201.5	
<b>Quoted</b>											
8% Indian Railway Finance Corporation Limited (Refer Note 4)	108,754	108,754	108,754	1000	108.8	108.8	108.8	108.8	108.8	108.8	
12.00% ECL Finance Limited	10,000	10,000	10,000	1000	10.0	10.0	10.0	10.0	10.0	10.0	
8.63% NHB Limited (Refer Note 4)	7,220	7,220	7,220	5000	36.1	36.1	36.1	36.1	36.1	36.1	
9.01% NHB Limited (Refer Note 4)	4,000	4,000	4,000	5000	20.1	20.1	20.1	20.1	20.1	20.1	
<b>4) Bonds :(at amortised cost):</b>					<b>195.0</b>	<b>395.5</b>	<b>395.5</b>	<b>395.5</b>	<b>396.5</b>	<b>396.5</b>	
<b>Quoted</b>											
11% Bank of India (Refer Note 4)	250	250	250	1000000	249.5	250.0	250.0	250.0	250.0	250.0	
11% Bank of India (Refer Note 4)	20	20	20	1000000	19.5	20.0	20.0	20.0	20.0	20.0	
9.11% Bank of India (Refer Note 4)	200	200	Nil	1000000	212.4	212.4	212.4	-	-	-	
10.25% Tata Capital Limited.	40	40	40	500000	20.7	20.9	20.9	21.5	21.5	21.5	
11.50% Tata Steel Limited	100	100	100	1000000	102.2	102.7	102.7	104.2	104.2	104.2	
11.25% Tata Motors Finance Limited	100	100	100	500000	50.0	50.0	50.0	50.0	50.0	50.0	
11.03% Tata Motors Finance Limited	100	100	100	1000000	100.0	100.0	100.0	100.0	100.0	100.0	
11.80% Tata Steel Limited	50	50	50	1000000	52.4	52.9	52.9	53.3	53.3	53.3	
11.40% Tata Power Limited	50	50	50	1000000	50.5	50.6	50.6	50.5	50.5	50.5	
9.55% Kotak Mahindra Prime (Refer Note 4)	750	750	750	1000000	750.0	750.0	750.0	750.0	750.0	750.0	
8.73% Kotak Mahindra Investment	500	Nil	Nil	1000000	500.0	-	-	-	-	-	
<b>Total</b>					<b>2,107.2</b>	<b>1,609.5</b>	<b>1,609.5</b>	<b>1,399.5</b>	<b>1,399.5</b>	<b>2,028.9</b>	
					<b>2,750.4</b>	<b>2,343.9</b>	<b>2,343.9</b>	<b>2,028.9</b>	<b>2,028.9</b>	<b>2,028.9</b>	

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## Notes:

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Cost	Market Value	Cost	Market Value	Cost	Market Value
1) Aggregate value of Unquoted Investments:	312.3	N.A.	300.5	N.A.	218.2	N.A.
2) Aggregate value of Quoted Investments:	2,438.1	2,438.1	2,043.4	2,043.4	1,810.7	1,810.7
3) All Investments in Shares & Securities are fully paid up except for investment in fund.( Refer Note 3.27(b-2))						

- 4) **At 31 March 2017:** Investments in 8% Indian Railway Finance Corporation Limited, 8.63% NHB Limited, 9.01% NHB Limited, 11% Bank of India, 9.55% Kotak Mahindra Prime Aggregating to face value of ₹ **1,378.0 Million** has been pledged against issuance of Stand by letter of credit required for Loan of US\$ 25.0 Million advanced by Citi Bank USA to ThePharmaNetwork LLC (USA), a 100% step down subsidiary of the company and Loan of US\$ 20.0 Million advanced by Citi Bank USA to S&B Pharma Inc. (USA), a wholly owned subsidiary of the Company and Loan of US\$ 4 Million advanced by Banco De Chile to Ascend Laboratories SpA, Chile, a wholly owned subsidiary of the Company

At 31 March 2016 Investments in 8% Indian Railway Finance Corporation Limited, 10.17% HDB Financial Services Limited, 8.63% NHB Limited, 9.01% NHB Limited, 11% Bank of India, 9.55% Kotak Mahindra Prime Aggregating to face value of ₹ **1,578.0 Million** has been pledged against issuance of Stand by letter of credit required for Loan of US\$ 25.0 Million advanced by Citi Bank USA to ThePharmaNetwork LLC (USA), a 100% step down subsidiary of the company and Loan of US\$ 20.0 Million advanced by Citi Bank USA to S&B Pharma Inc. (USA), a wholly owned subsidiary of the Company and Loan of US\$ 4 Million advanced by Banco De Chile to Ascend Laboratories SpA, Chile, a wholly owned subsidiary of the Company

At 1 April 2015: Investments in 8% Indian Railway Finance Corporation Limited, 10.17% HDB Financial Services Limited, 8.63% NHB Limited, 9.01% NHB Limited, 11% Bank of India, 9.55% kotak Mahindra Prime Aggregating to ₹ **1,387.5 Million** were in the process of pledge against issuance of Stand by letter of credit required for Term Loan of US\$ 29.80 Million advanced by Citi Bank USA to ThePharmaNetwork LLC (USA), a 100% step down Subsidiary of the Company."

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(₹ in million)

	Units as at			Face Value	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	31 March 2017	31 March 2016	1 April 2015				
<b>B. Current Investments</b>							
<b>1) Mutual Funds:</b>							
<b>a. Quoted: [at fair value through profit and loss]</b>							
Benchmark Liquid Bees (₹ Nil (31 March 2016 ₹ 835.01; 1 April 2015 ₹ 784.10)	Nil	1	1	1000	-		
Reliance Liquidity Fund -Growth Plan	Nil	Nil	11,844	1000	-	-	24.9
IDFC Money Manager Fund-DIR-DLY	Nil	8,685	13,951	10	-	0.1	0.1
						0.1	25.1
<b>b. Unquoted: [at fair value through profit and loss]</b>							
HDFC CMF Treasury Advantage Retail -WD	Nil	Nil	256,042	10	-	-	2.6
							2.6
<b>2) Debentures:</b>							
<b>Non Convertible</b>							
<b>Quoted: [at amortised cost]</b>							
12.25% Religare Finvest Limited	Nil	Nil	50,000	1000	-	-	50.0
							50.0
<b>3) Commercial Paper: (Unquoted) [at amortised cost]</b>							
9.50% Barclays Investments Limited					-	-	502.5
							502.5
<b>4) Investment in funds : (Unquoted) [at fair value through profit and loss]</b>							
Avenue Venture Real Estate Fund (Units of ₹ 100,000 each, fully paid-up) (Refer sub note 3 of Note 3.3)	19,966	19,966	Nil	100,000	2,756.0	2,719.0	-
					2,756.0	2,719.0	-
<b>5) Equity Shares:</b>							
<b>a. Quoted [at fair value through profit and loss]</b>							
Aban Offshore Ltd.	3,000	Nil	Nil	2	0.7	-	-
Adani Ports & Special Economic Zone Limited	Nil	Nil	6,297	10	-	-	1.9
Asian Paints Limited	500	Nil	882	1	0.5	-	0.7
BF Utilities	500	Nil	Nil	10	0.2	-	-
Bajaj Finance Limited	Nil	Nil	391	10	-	-	1.6
Bharat Forge Limited	Nil	Nil	526	2	-	-	0.7
Bosch Limited	Nil	Nil	117	10	-	-	3.0
Cairn India Limited	1,000	1,000	1,000	10	0.3	0.2	0.2
Canara Bank	626	Nil	Nil	10	0.2	-	-
Colgate-Palmolive (India) Limited	100	100	228	1	0.1	0.1	0.5
Container Corporation of India Limited	100	Nil	341	10	0.1	-	0.5
City Union Bank Limited	Nil	Nil	6,953	1	-	-	0.7
Cummins India Limited	Nil	Nil	942	2	-	-	0.8
DCB Bank Limited	Nil	Nil	5,969	10	-	-	0.7
D Q Entertainment Limited	Nil	Nil	12,958	10	-	-	0.3
Deccan Chronical Holdings Limited	Nil	Nil	256	2	-	-	-
Eicher Motors Limited	Nil	Nil	322	10	-	-	5.1
Engineers India Limited	Nil	Nil	900	5	-	-	0.2
Emami Limited	Nil	Nil	648	1	-	-	0.6
Equitas Holdings Ltd.	2,000	Nil	Nil	10	0.3	-	-
Financial Technologies	5,500	Nil	Nil	2	0.4	-	-
Gateway Distriparks Limited	Nil	Nil	3,587	10	-	-	1.5
GlaxoSmithKline Consumer Healthcare Limited	Nil	Nil	104	10	-	-	0.7

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(₹ in million)

	Units as at			Face Value	As at		
	31 March 2017	31 March 2016	1 April 2015		31 March 2017	31 March 2016	1 April 2015
HDFC Bank Limited	Nil	Nil	1,101	10	-	-	1.1
HDFC Limited	Nil	Nil	745	10	-	-	1.0
Hero Motocorp Limited	Nil	Nil	197	2	-	-	0.5
Hindustan Petroleum Corp. Limited	Nil	Nil	2,218	10	-	-	1.4
ING Vyasya Bank Limited	Nil	Nil	667	10	-	-	0.6
IRB Infrastructure Developers Limited	Nil	Nil	7,904	10	-	-	1.9
IPCA Lab Limited	Nil	Nil	971	2	-	-	0.6
Jammu and Kashmir Bank Limited	Nil	Nil	4,478	10	-	-	0.4
Larsen & Toubro Limited	Nil	Nil	1,879	2	-	-	3.2
Orissa Minerals Dev Company	100	Nil	Nil	1	0.2	-	-
Piramal Phytocare Ltd. [Piramal Life]	1,000	Nil	Nil	1	0.1	-	-
Max India Limited	Nil	Nil	1,285	2	-	-	0.6
Nava Bharat Ventures Limited	Nil	Nil	3,966	2	-	-	0.7
Page Industries Limited	Nil	Nil	182	10	-	-	2.5
Sanghvi Movers Limited	Nil	Nil	4,122	2	-	-	1.1
State Bank of India Limited	5,000	6,500	35,800	1	1.5	1.3	2.4
Speciality Restaurant Limited	Nil	Nil	736	10	-	-	0.1
Sun Pharmaceutical Limited	700	600	8,310	2	0.5	0.5	1.7
Tata Consultancy Services Limited	100	100	399	1	0.2	0.3	1.1
Tech Mahindra Limited	500	500	3,144	5	0.2	0.2	1.0
Tara Jewels Limited	Nil	Nil	28,535	10	-	-	1.6
Torrent Power Limited	Nil	Nil	2,490	10	-	-	0.4
United Spirits Limited	Nil	Nil	188	10	-	-	0.7
VA Tech Wabag Limited	Nil	Nil	9,274	2	-	-	7.6
Voltas Limited	Nil	Nil	4,167	1	-	-	1.2
Bhushan Steel Limited.	7,500	2,000	2,000	2	0.4	0.1	0.1
Chambal Fertilisers & Chemical Limited.	2,000	3,000	3,000	10	0.2	0.2	0.2
Elecon Engineering Co. Limited.	Nil	Nil	5,000	2	-	-	0.3
Essar Oil Limited.	Nil	Nil	3,000	10	-	-	0.3
Financial Technologies	Nil	5,500	5,500	2	-	0.4	1.0
Future Retail Limited.	Nil	1,000	2,560	2	-	0.1	0.3
Gitanjali Gems Limited.	Nil	5,000	5,000	10	-	0.2	0.2
Hindustan Construction Co. Limited.	Nil	8,000	8,000	1	-	0.2	0.3
Hindustan Copper Limited.	1,500	1,000	1,000	5	0.1	0.1	0.1
Hindustan Zinc Ltd.	500	Nil	Nil	2	0.1	-	-
ICICI Bank Limited.	1,200	1,200	1,000	2	0.3	0.3	0.3
Infra Dev. Finance Ltd.	Nil	2,000	Nil	10	-	0.1	-
IFCI Limited.	10,000	15,000	10,000	10	0.3	0.4	0.3
Infosys Technologies Limited	100	100	Nil	5	0.1	0.1	-
ITC Limited.	Nil	Nil	500	1	-	-	0.2
The Karnataka Bank Limited.	3,000	5,000	5,000	10	0.4	0.5	0.6
L&T Finance Holdings Limited.	10,000	25,000	25,000	10	1.2	1.6	1.6
Mahindra & Mahindra Financial Services Limited.	Nil	500	500	2	-	0.1	0.1
MOIL Limited.	500	800	800	10	0.2	0.2	0.2
NHPC Limited.	2,000	1,010	1,010	10	0.1	0.0	0.0
Oil & Natural Gas Corporation Limited.	5,250	3,500	2,500	5	1.0	0.7	0.8
Punj Lloyd Limited.	10,000	10,000	10,000	2	0.2	0.2	0.3
Punjab & Sind Bank	2,000	981	981	10	0.1	0.0	0.0
Reliance Communications Limited.	10,000	5,000	5,000	5	0.4	0.3	0.3
Reliance Infrastructure Limited.	300	450	450	10	0.2	0.2	0.2
Shasun Pharmaceuticals Limited.	Nil	Nil	1,000	2	-	-	0.4
Bharat Financial Inclusion / SKS Microfinance Ltd.	500	750	750	10	0.4	0.4	0.3
Sun Pharma Advance Research	600	500	Nil	1	0.2	0.1	-
Tata Coffee Limited.	Nil	5,000	5,000	1	-	0.4	0.5

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(₹ in million)

	Units as at			Face Value	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	31 March 2017	31 March 2016	1 April 2015				
TV 18 Broadcast Limited.	Nil	5,000	10,000	2	-	0.2	0.3
UCO Bank	1,000	500	500	10	0.0	0.0	0.0
Nestle India	Nil	50	Nil	10	-	0.3	-
Axis Bank	200	200	Nil	2	0.1	0.1	-
IDFC Bank Ltd.	2,000	2,000	Nil	10	0.1	0.1	-
Infrastructure Development Finance Ltd. [IDFC]	2,000	2,000	Nil	10	0.1	0.0	-
Dr. Reddy's Lab. Ltd.	Nil	200	Nil	5	-	0.6	-
MCX India Ltd.	Nil	500	Nil	10	-	0.4	-
Vivimed Labs.	Nil	200	Nil	2	-	0.1	-
Rural Electrification Corpn. Limited.	Nil	500	Nil	10	-	0.1	-
Vedanta Ltd. [Sesa Goa Ltd.]	1,000	5,000	Nil	1	0.3	0.4	-
Kale Consultants	50	Nil	Nil	10	0.1	-	-
Kotak Bank Ltd.	500	Nil	Nil	10	0.4	-	-
MMTC Ltd.	5,000	Nil	Nil	1	0.3	-	-
Berkshire Hathway	105	105	105	US \$ 0.0033	1.1	0.8	0.9
Reliance Defence and Engineering Ltd.	5,000	Nil	Nil	10	0.3	-	-
Shree Cement Ltd.	30	Nil	Nil	10	0.5	-	-
Siemens Ltd.	10	Nil	Nil	2	0.0	-	-
Suzlon Ltd.	25,000	Nil	Nil	2	0.5	-	-
Tata Motors Ltd.	250	Nil	Nil	2	0.1	-	-
Venus Remedies Limited.	1,000	Nil	Nil	1	0.1	-	-
					15.6	12.6	63.1
<b>b. Unquoted: [at fair value through profit and loss]</b>							
G R Infraprojects Limited	Nil	Nil	6,626	2	-	-	1.3
Intarvo Technologies Limited	Nil	Nil	4,299	10	-	-	0.9
GMR Energy Limited	Nil	16,531	16,531	10	-	0.2	0.2
					-	0.2	2.4
<b>6) Preference Shares: (Unquoted) : [at amortised cost]</b>							
Intarvo Technologies Limited -CCPS	Nil	Nil	1,616	10	-	-	0.1
Regen Powertech Private-CCPS	43,280	4,328	4,328		3.1	3.1	3.1
GMR Energy Limited-CCPS	Nil	1,799	1,799	10	-	1.8	1.8
0.1% Cumulative Non Convertible Preference Shares							
Saraswat Bank-NCPS	500,000	500,000	500,000	10	5.0	5.0	5.0
					8.1	9.9	10.0
<b>Total</b>					<b>2,779.7</b>	<b>2,741.8</b>	<b>655.7</b>

## Notes:

	Book Value	Market Value	Book Value	Market Value	Book Value	Market Value
1) Aggregate value of Quoted investments	15.6	15.6	12.7	12.7	138.2	138.2
Aggregate value of Unquoted investments						
2) All Investments in Shares & Securities are fully paid up.	2,764.1	N.A.	2,729.1	N.A.	517.5	N.A.

- 3) During the previous year ended 31 March 2016, pursuant to the approval of the Board of Directors in its meeting held on 9 March 2016, the Company in order to focus on its core business activities and for other commercial reasons, restructured its investment in Avenue Real Estate Fund ("Fund") by entering into an option agreement with Mr. Tushar Kumar for grant of

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unconditional option exercisable without restriction at the option of the option holder to purchase the trust units held by the Company in the Fund at an option price of 102% of the fair market value of each trust unit as on the exercise date. This Agreement shall remain in force for a period of 2 years from the execution date and may be renewed with mutual consent of the parties.

## 3.4 Loans:

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>A. Non-Current Loans</b>			
(Unsecured, Considered Good unless otherwise stated)			
Loans to employees	12.4	16.1	18.7
Advance recoverable in cash	79.1	71.1	75.0
<b>TOTAL</b>	<b>91.5</b>	<b>87.2</b>	<b>93.7</b>
<b>B. Current Loans</b>			
(Unsecured, Considered Good, unless Otherwise stated)			
Loans to employees	153.5	89.5	70.6
Loans to others	0.0	9.0	2.5
<b>TOTAL</b>	<b>153.5</b>	<b>98.5</b>	<b>73.1</b>

## 3.5 : Other Financial Assets:

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>A. Other Non-current financial assets</b>			
(Unsecured, Considered Good unless otherwise stated)			
In Deposit Accounts:			
Bank Deposits with maturity beyond 12 months	3,993.0	2,421.9	4,515.7
Interest on Deposits, accrued but not due	29.4	47.7	547.1
Other Receivable	34.4	38.5	42.0
Security Deposits	135.9	105.7	18.5
	<b>4,192.7</b>	<b>2,613.8</b>	<b>5,123.3</b>

### Note:-

Bank Deposits of ₹ **1,987.8 Million** (31 March 2016 ₹ 1,877.9 Million; 1 April 2015 ₹ 4,125.2 Million) is under lien with the Banks against Over Draft Facility of the Company.

Bank Deposits of ₹ **55 Million** (31 March 2016 ₹ 55.0 Million; 1 April 2015 ₹ Nil) has been pledged against loan taken by Cachet Pharmaceuticals Private Limited, subsidiary of the Company in India.

Bank Deposits of ₹ **Nil** (31 March 2016 ₹ 33.5 Million; 1 April 2015 ₹ Nil) is under lien with bank against bank guarantees

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>B. Other current financial assets</b>			
Interest on Deposits, accrued but not due	221.8	424.8	204.6
Other Receivables*	73.0	145.6	88.3
Security Deposits	113.6	98.1	64.2
<b>TOTAL</b>	<b>408.4</b>	<b>668.5</b>	<b>357.1</b>

\*Includes insurance claim receivable ₹ **10.4 Million** (31 March 2016 ₹ 10.4 Million; 1 April 2015 ₹ 81.7 Million)

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## 3.6 : Other Non-Current Assets

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Capital Advances	1,156.6	655.9	154.2
Balance with Governments Authorities	172.9	152.0	86.2
Other advances	18.3	2.4	20.1
Prepaid expenses	1.5	2.2	0.7
	<b>1,349.3</b>	<b>812.5</b>	<b>261.2</b>

## 3.7 : Inventories:

(Refer Note 2.9) for accounting policy

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Raw and packing materials	2,633.4	2,479.9	2,347.9
Goods-in-transit	17.6	24.6	1.7
	<b>2,651.0</b>	<b>2,504.5</b>	<b>2,349.6</b>
Work-in-Progress	587.0	529.0	361.3
Finished Goods	2,794.8	1,662.0	2,419.4
Goods-in-Transit	262.9	657.6	63.3
	<b>3,057.7</b>	<b>2,319.6</b>	<b>2,482.7</b>
Stock-in-Trade	5,542.6	3,499.8	2,294.3
Goods-in-Transit	221.7	240.8	345.7
	<b>5,764.3</b>	<b>3,740.6</b>	<b>2,640.0</b>
<b>TOTAL</b>	<b>12,060.0</b>	<b>9,093.7</b>	<b>7,833.6</b>

### Note:

- The Group follows suitable provisioning norms for writing down the value of inventories towards slow moving, non moving, expired and non saleable inventory. Write down of inventory for the year ended 31 March 2017 is ₹ **314.7 Million** (31 March 2016: ₹ 143.1 Million)
- Refer Note 3.14 on Borrowings, for the details related to charge on inventories lying with the Group.

## 3.8 Income Taxes

Refer Note 2.13 for accounting Policy

### (A) Components of Income Tax Expenses

#### (i) Amounts recognised in profit and loss

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
<b>Current tax:</b>		
Current period tax	2,452.8	2,179.6
	<b>2,452.8</b>	<b>2,179.6</b>
<b>Deferred tax:</b>		
Minimum Alternate Tax (MAT) credit entitlement	(1,915.3)	(1,443.0)
MAT entitlement credit of earlier years written off (Refer Note 3.50)	-	834.1
Origination and reversal of temporary differences	61.4	202.3
Increase in tax rate	0.7	(11.2)
	<b>(1,853.2)</b>	<b>(417.8)</b>
<b>Tax expense for the year</b>	<b>599.6</b>	<b>1,761.8</b>

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## (ii) Amounts recognised in other comprehensive income

	(₹ in Million)					
	For the year ended 31 March 2017			For the year ended 31 March 2016		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	(64.5)	22.3	(42.2)	(3.1)	1.3	(1.8)
	<b>(64.5)</b>	<b>22.3</b>	<b>(42.2)</b>	<b>(3.1)</b>	<b>1.3</b>	<b>(1.8)</b>

## (B) Reconciliation of effective tax rate

	(₹ in Million)			
	(%)	For the Year ended 31 March 2017	(%)	For the Year ended 31 March 2016
<b>Profit before tax</b>		9,646.3		9,284.1
Tax using the Company's statutory tax rate	34.6%	3,337.6	34.6%	3,212.3
Increase in tax rate	0.0%	0.7	-0.1%	(11.2)
<b>Tax effect of:</b>				
Differences in tax rates in foreign jurisdiction	0.0%	2.6	1.3%	116.2
Additional deduction allowed under Income Tax Act	-26.5%	(2,552.8)	-22.0%	(2,043.4)
Expense not deductible for tax purposes	0.8%	76.2	-0.5%	(48.1)
Additional allowances under Income Tax Act	-5.9%	(566.0)	-0.3%	(32.4)
Recognition of previously unrecognised deferred tax	-0.1%	(12.8)	-5.4%	(505.1)
Unrecognised deferred tax asset in subsidiaries	2.9%	281.0	1.7%	161.6
Minimum alternate tax written off		-	9.0%	834.1
Others	0.3%	33.1	0.8%	77.8
	<b>6.2%</b>	<b>599.6</b>	<b>19.0%</b>	<b>1,761.8</b>

## (C) Movement in deferred tax assets and liabilities

	(₹ in Million)					
	Net balance 1 April 2016	Recognised in profit or loss	March 31, 2017			Deferred tax asset
Recognised in OCI			Net	Deferred tax asset		
<b>Deferred Tax Liabilities</b>						
Property, plant and equipment and Intangible assets	(461.7)	(212.7)	-	(674.4)	-	674.4
Investments	(298.2)	(21.4)	-	(319.6)	-	319.6
Borrowings	(0.7)	0.6	-	(0.1)	-	0.1
<b>Deferred Tax Assets</b>						
Inventories	200.5	29.3	-	229.8	229.8	-
Employee benefits	351.3	57.2	22.3	430.8	430.8	-
Trade Receivable	112.0	7.0	-	119.0	119.0	-
Deferred government grant	10.8	35.0	-	45.8	45.8	-
Other items	53.1	9.2	-	62.3	62.3	-
Tax Losses Carried Forward	82.0	(26.5)	-	55.5	55.5	-
MAT credit entitlement	5,103.0	1,906.0	-	7,009.0	7,009.0	-
Exchange rate difference	-	69.5	-	-	-	-
<b>Tax assets (Liabilities)</b>	<b>5,152.1</b>	<b>1,853.2</b>	<b>22.3</b>	<b>6,958.1</b>	<b>7,952.2</b>	<b>994.1</b>
Offsetting of deferred tax assets and deferred tax liabilities					(989.5)	(989.5)
<b>Net tax assets</b>	<b>5,152.1</b>	<b>1,853.2</b>	<b>22.3</b>	<b>6,958.1</b>	<b>6,962.7</b>	<b>4.7</b>

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(₹ in Million)

	March 31, 2016					
	Net balance 1 April 2015	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
<b>Deferred Tax Liabilities</b>						
Property, plant and equipment and Intangible assets	(312.3)	(149.4)	-	(461.7)	-	461.7
Investments	(22.7)	(275.5)	-	(298.2)	-	298.2
Borrowings	(1.4)	0.8	-	(0.7)	-	0.7
<b>Deferred Tax Assets</b>						
Inventories	80.9	119.6	-	200.5	200.5	-
Employee benefits	297.2	52.7	1.3	351.3	351.3	-
Trade Receivable	49.2	62.8	-	112.0	112.0	-
Deferred government grant	11.1	(0.3)	-	10.8	10.8	-
Other items	11.6	41.5	-	53.1	53.1	-
Tax Losses Carried Forward	44.8	37.2	-	82.0	82.0	-
MAT credit entitlement	4,499.6	603.4	-	5,103.0	5,103.0	-
Exchange rate difference	-	(75.0)	-	-	-	-
<b>Tax assets (Liabilities)</b>	<b>4,658.0</b>	<b>417.8</b>	<b>1.3</b>	<b>5,152.1</b>	<b>5,912.7</b>	<b>760.6</b>
Offsetting of deferred tax assets and deferred tax liabilities					(750.4)	(750.4)
<b>Net tax assets</b>	<b>4,658.0</b>	<b>417.8</b>	<b>1.3</b>	<b>5,152.1</b>	<b>5,162.3</b>	<b>10.1</b>

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

In India, in case income tax payable on book profit (that is Minimum alternate tax - 'MAT') exceeds the income tax payable on tax profit, the differential amount shall be carried forward as a MAT credit for a period of 15 years. The said MAT credit can be offset against any future income tax payable. The Company has carry forward amount of MAT of ₹ 7,009.0 million as at 31 March 2017 ₹ 5,103.0 million as at March 31, 2016 (₹ 4,499.6 million as at 1 April 2015).

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

## D. Tax assets and liabilities

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Non Current tax assets (net)	363.7	420.3	545.8
Current tax assets (net)	216.9	1.2	1.2
Current tax liabilities (net)	122.6	222.5	93.7

## E. Unrecognised deferred tax liability

A deferred tax liability in respect of temporary differences related to undistributed profit in subsidiaries has not been recognised amounting to ₹ 1,095.3 Million (31 March 2016 ₹ 711.2 Million; 1 April 2015 ₹ 158.3 Million) because the Group controls the dividend policy of its subsidiary and the management is satisfied that they are not expecting to distribute profit in the foreseeable future.

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## F. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

Particulars	(₹ in Million)			
	As at 31 March 2017		As at 31 March 2016	
	Gross Amount	Unrecognised tax effect	Gross Amount	Unrecognised tax effect
Deductible temporary differences	(311.8)	(137.9)	(164.7)	(76.3)
Tax Losses	1,945.2	700.2	850.5	290.0
Unrecognised MAT Credit Entitlement (Refer Note 3.50)		834.1		834.1
<b>Total</b>	<b>1,633.4</b>	<b>1,396.4</b>	<b>685.8</b>	<b>1,047.8</b>

## Tax Losses carried forward

	Expiry Date	(₹ in Million)		
		As at 31 March 2017	Expiry Date	As at 31 March 2016
Brought forward losses ( allowed to carry forward for specified period)	2019-25	196.2	2019-24	95.5
Brought forward losses ( allowed to carry forward for specified period)	2031-32 onwards	413.8	2031-32	113.5
Brought forward losses ( allowed to carry forward for infinite period)		90.2		81.0
<b>Total</b>		<b>700.2</b>		<b>290.0</b>

## 3.9 : Trade Receivables:

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Unsecured)			
Considered good	7,136.4	5,675.1	5,350.3
Considered doubtful	213.6	177.1	120.8
Less: Loss allowances	(213.6)	(177.1)	(120.8)
<b>TOTAL</b>	<b>7,136.4</b>	<b>5,675.1</b>	<b>5,350.3</b>

### Note :

- Above Trade Receivables include amount due from related parties ₹ **1.6 Million** (31 March 2016; ₹ 5.7 Million; 1 April 2015 ₹ Nil) - Refer Note 3.32
- The Group's exposure to credit, liquidity and market risks, and loss allowances related to Trade Receivables are disclosed in Note 3.40
- Refer Note 3.14 on Borrowings, for the details related to charge on Trade receivables.

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## 3.10. : Cash and Cash Equivalents:

(Refer Note 2.18) for accounting policy

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Cash on hand	5.6	6.6	9.6
Cheques and drafts on hand	70.8	57.1	58.8
Balance with Banks:			
In Current Accounts	971.8	1,168.1	1,169.1
In Exchange Earners' Foreign Currency Account	-	0.3	-
In Deposit Accounts:			
Deposit with original maturity within three months	618.1	38.4	-
<b>TOTAL</b>	<b>1,666.3</b>	<b>1,270.5</b>	<b>1,237.5</b>

## 3.11. : Bank Balances Other than Cash and Cash Equivalents:

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unpaid dividend account	-	0.6	-
Bank Deposits with maturity within 12 months	2,326.3	6,537.9	6,670.2
<b>TOTAL</b>	<b>2,326.3</b>	<b>6,538.5</b>	<b>6,670.2</b>

Note:

Bank Deposits of ₹ **1,532.9 Million** (31 March 2016 ₹ 4,814.8 Million; 1 April 2015 ₹ 5,401.0 Million) is under lien with banks against Overdraft facilities availed.

Bank Deposits of ₹ Nil (31 March 2016 ₹ 1,000.0 Million; 1 April 2015 ₹ Nil) are under lien with banks against line of credit. This line of credit has not been utilised by the Company as on 31 March 2016

Bank Deposits of ₹ **110.0 Million** (31 March 2016 ₹ 110.0 Million; 1 April 2015 ₹ Nil) are under lien towards bank guarantee given to the Bombay Stock Exchange ("BSE")

Bank Deposits of ₹ **Nil** (31 March 2016 ₹ 74.6 Million; 1 April 2015 ₹ Nil) are placed as security with the Competition Commission of India ("CCI") against pending litigation. Subsequent to the balance sheet date the Competition Appellate Tribunal has set aside the CCI ruling.

Bank Deposits of ₹ **Nil** (31 March 2016 ₹ 3.4 Million; 1 April 2015 ₹ Nil) are under lien with bank against bank guarantees

Bank deposit of ₹ **Nil** (31 March 2016 ₹ 38.4 Million; 1 April 2015 ₹ Nil) is under lien with banks against letter of credit.

## 3.12. : Other Current Assets:

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balances with Government Authorities	1,729.0	901.8	696.8
Export Incentives Receivable	217.2	226.0	119.9
Advance to Suppliers:			
Considered Good	99.7	313.4	329.1
Considered Doubtful	52.0	42.8	38.8
	<b>151.7</b>	<b>356.2</b>	<b>367.9</b>
Less: Provision for Doubtful Advances	(52.0)	(42.8)	(38.8)
	<b>99.7</b>	<b>313.4</b>	<b>329.1</b>
Prepaid Expenses	195.6	158.0	147.8
<b>TOTAL</b>	<b>2,241.5</b>	<b>1,599.2</b>	<b>1,293.6</b>

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## 3.13. : Share Capital:

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>Authorised:</b>			
250,000,000 equity shares of ₹ 2/- each (31 March 2016 250,000,000 equity shares of ₹ 2/- each; 1 April 2015 250,000,000 equity shares of ₹ 2/- each )	500.0	500.0	500.0
	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>
<b>Issued, Subscribed and Paid up:</b>			
119,565,000 equity shares of ₹ 2/- each fully paid up (31 March 2016 119,565,000 equity shares of ₹ 2 each fully paid up; 1 April 2015 119,565,000 equity shares of ₹ 2 each fully paid up)	239.1	239.1	239.1
<b>TOTAL</b>	<b>239.1</b>	<b>239.1</b>	<b>239.1</b>

### (a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the period:

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number	(₹ in Million)	Number	(₹ in Million)
At the commencement of the year	119,565,000	239.1	119,565,000	239.1
<b>At the end of the year</b>	<b>119,565,000</b>	<b>239.1</b>	<b>119,565,000</b>	<b>239.1</b>

### (b) Rights, preferences and restrictions attached to Equity Shares:

The Company has issued one class of equity shares with voting rights having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held.

On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

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

Name of the shareholders:	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Equity Shares of ₹ 2 Each (Previous Year ₹ 2 Each) held by:						
Samprada & Nanhamati Singh Family Trust	25,205,800	21.08%	-	-	-	-
Mr. Basudeo Narain Singh	8,479,950	7.09%	8,405,950	7.03%	9,528,600	7.97%
Mrs. Jayanti Sinha	7,138,220	5.97%	7,138,220	5.97%	8,573,000	7.17%
Mr. Naval Kishore Singh	4,311,060	3.61%	4,311,060	3.61%	6,702,360	5.61%
Mr. Balmiki Prasad Singh	71,595	0.06%	6,257,355	5.23%	6,215,760	5.20%

### (d) Aggregate Number of Bonus Shares Issued during the period and five preceding years:

During the year ended 31 March 2015, 59,782,500 Equity Shares of ₹ 2 Each fully paid up have been allotted as Bonus Shares by capitalization of General Reserves.

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## 3.14.:Borrowings:

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>A. Non current borrowings</b>			
<b>Secured:</b>			
Term loans			
- from banks	2,020.9	1,119.8	322.6
- from other parties	2.1	5.1	10.8
<b>Unsecured</b>			
Term loans			
- from related parties (Refer Note 3.32)	50.2	60.8	3.8
- from other parties	15.3	48.9	56.0
<b>TOTAL</b>	<b>2,088.5</b>	<b>1,234.6</b>	<b>393.2</b>

### Notes :

#### The Company:

Term loan from Bank includes Foreign Currency loan of US \$ Nil (31 March 2016 US \$ 9 Million (₹ 590.2 Million)) (1 April 2015 \$ 9 Million (₹ 562.6 Million)) which carried an interest @ applicable LIBOR plus margin (150 basis points). The Company had entered into an Interest rate swap derivative of fixed rate @ 3.57% p.a. Amount falling due for payment on 28 October 2016 and 28 October 2015 is disclosed under other current financial liabilities amounting to ₹ Nil (31 March 2016 ₹ 295.1 Million (1 April 2015 ₹ 281.3 Million))

The Foreign Currency Term Loan from bank of US \$ 9 Million was secured by a first pari passu charge on the movable fixed assets of the company (plant and machinery).

The above loan has been repaid during the year as per repayment schedule.

#### Enzene Biosciences Limited

- Secured Term Loan from other parties consists of repayable to Small business innovation research initiative scheme ("SBIRI") - Government of India, which carries 0% Interest and is repayable in remaining Instalments of ₹ 3,50,000/- each as at 31 March 2016 and 1 April 2015 . The Loan is secured by Hypothecation of Machinery. The above loan has been repaid during the year. The Amount falling due for payment in November 2015 and November 2016 is disclosed under Other current financial liabilities amounting to ₹ 0.4 Million in 31 March 2016 and 1 April 2015 respectively.

#### S&B Pharma Inc

Term loan from bank includes loan from Citi bank **US \$ 5.9 Million (₹ 385.2 Million)**; (31 March 2016 US \$ 5.9 Million (₹ 393.5 Million));(1 April 2015 US \$ Nil) due and payable on 30th April 2018. Quarterly interest payments are required at a variable rate equal to 1.6 percentage points over the LIBOR rate.)

The loans taken by S&B Pharma inc ,ThePharmaNetwork, LLC and Ascend Laboratories Spa, Chile are secured by issue of stand by letter of credit ("SBLC") by Citi bank India which is secured by bonds pledged aggregating to a face value of **₹ 1,378 million.**

Term loan from bank includes loan from Citi bank **US\$ 9.9 Million (₹ 642.6 Million)**;(31 March 2016 US \$ 9.9 (₹ 656.1 Million); (1 April 2015 US \$ Nil)due and payable on 20th September 2018. Quarterly interest payments are required at a variable rate equal to 1.6 percentage points over the LIBOR rate.)

Term loan from bank includes loan from Citi bank **US\$ 8 Million (₹ 518.0 Million)** ;(31 March 2016 US \$ Nil); (1 April 2015 US \$ Nil) is due and payable on 15 August 2022 under a US \$15 Million loan agreement. Under the terms of the loan, the Company can borrow up to US \$15 Million prior to August 2017. The outstanding principal balance of the loan at August 2017 shall be repaid in 6 semi-annual instalments beginning 2/15/2020. Quarterly interest only payments are required at a variable rate equal to 1.6 percentage points over the LIBOR rate.

#### Cachet Pharmaceuticals Private Limited

Term loan from bank includes loan from The Saraswat Co-op Bank Ltd is ₹ **202.2 Million** (31 March 2016 ₹ 70.5 Million ; 1 April 2015 ₹ 43.6 Million) secured against mortgage of Company's land and building , plant and machinery situated at Plot No- 1582 to 1586 Baddi, Himachal Pradesh and at Plot No. C- 582 A, RIICO Industrial Area, Bhiwadi , Rajasthan . The Loan is further guaranteed by the Directors of the Company. The loan carries interest at the rate of 12.50% p.a payable till 11 November 2020 in unequal instalment. Secured Term Loan from other parties consists of Hire Purchase loans from finance companies secured against respective assets financed by them.

The loan carries interest at the range of 9.65% to 12.5 % rate payable till 5 February 2019 in unequal instalment.

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Unsecured loan from others taken at the rate of interest of 10%p.a is repayable after two years.

## Pharmacore Pty Limited, Australia

Term loan from bank includes loan from HSBC Bank of **AUD 5.5 Million (₹ 272.9 Million)** (31 March 2016 AUD Nil); (1 April 2015 AUD Nil) is repayable at the end of 3 years with quarterly interest payable @ 3.5% p.a. Loan from bank is secured by Corporate Guarantee from Company.

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>B. Current Borrowings</b>			
<b>Secured</b>			
Loans repayable on demand from Banks	1,848.5	2,641.0	9,244.0
	<b>1,848.5</b>	<b>2,641.0</b>	<b>9,244.0</b>
<b>Unsecured</b>			
Working capital loan from banks	2,602.3	1,995.6	2,193.0
Other loans	-	5.1	2.3
	<b>2,602.3</b>	<b>2,000.7</b>	<b>2,195.3</b>
	<b>4,450.8</b>	<b>4,641.7</b>	<b>11,439.3</b>

### Notes :

#### Secured:

##### The Company:

Loans repayable on demand from Banks include:

- Cash Credit from bank for ₹ Nil (31 March 2016 ₹ 0.1 Million; 1 April 2015 ₹ 620.9 Million) and Packing Credit Foreign Currency Loan for ₹ Nil (31 March 2016 ₹ Nil ; 1 April 2015 ₹ 312.5) are secured by hypothecation of inventories and trade receivables.
- Overdrafts from Banks ₹ 1,080.0 Million (31 March 2016 ₹ 245.7 Million; 1 April 2015 ₹ 7,336.4 Million) are secured against pledge of Fixed Deposits with the banks.
- Cash Credit and Overdraft Facilities carry a rate of Interest ranging between 8.50% to 10.50% p.a., computed on a monthly basis on the actual amount utilized, and are repayable on demand.

##### Indchemie Health Specialities Private Limited

- Overdraft from banks ₹ **362.7 Million** (31 March 2016 ₹ 690.0 million ; 1 April 2015 ₹ 520.3 million) are secured against fixed deposits placed with respective banks.
- Working Capital Loan from bank comprises of Cash Credit provided by Saraswat bank is secured against hypothecation of Co.'s stock, tangible movable property, book debts, receivable & claims and mortgage of property situated at 659/B, Somnath Indl.Area, Kevdi Road, Dabhel Village, Daman UT and the same is further secured by personal guarantee of directors of the company, however there is no working capital outstanding.

- Bill discounting from bank ₹ Nil (31 March 2016 ₹ Nil; 1 April 2015 ₹ 140.1 million) is secured against trade receivables. The Loan carries interest in the range of 7.85 % to 9.25%.

##### Cachet Pharmaceuticals Private Limited

- The Overdraft from bank is ₹ **50.0 Million** (31 March 2016 ₹ **50.0 million** ;1 April 2015 ₹ Nil) is against fixed deposit of ₹ 50.5 million.
- The Cash credit from banks ₹ **187.4 Million** (31 March 2016 ₹ 134.3 million; 1 April 2015 ₹ 108.8 million) is secured against company's entire stocks, book debts and receivables.
- The Packing Credit (post shipment) from banks ₹ **39.1 Million** (31 March 2016 ₹ 49.8 million; 1 April 2015 ₹ 42.3 million) is secured against the export receivables backed by the letter of credit
- The loan carries interest in the range of 2.5% to 12.5% and are repayable on demand.

##### Enzene Biosciences Limited

- Overdraft from banks ₹ Nil (31 March 2016 ₹ 8.8 Million; 1 April 2015 ₹ nil) are secured against pledge of fixed deposit with the banks.
- Overdraft facilities carry a rate of interest ranging between 8.5% to 10.50% p.a computed on a monthly basis on the actual amount utilised, and are repayable on demand.

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## S&B Pharma Inc

Demand loan of US\$ Nil (₹ Nil) (31 March 2016 US \$ 3.0 Million [₹ 198.3 Million]; 1 April 2015 ₹ Nil) due and payable on 30th April, 2016. Interest are paid at quarterly, at variable rate equal to LIBOR + 1.6 % p.a. against stand by letter of credit issued by Citi Bank India.

## Ascend Laboratories SpA, Chile

Loan of **CLP 1,338 Million (₹ 129.3 Million)**; (31 March 2016 ₹ Nil; 1 April 2015 ₹ Nil) from Banco de Chile over a two-year period. Using a fixed monthly interest rate of 0.47%.

### Unsecured:

#### The Company:

- Working Capital Loan from banks comprises of Overdraft in INR of ₹ 73.2 Million (31 March 2016; ₹ 173.6 Million; 1 April 2015 ₹ 1,099.4 Million) and Packing Credit in Foreign Currencies of ₹ 2,529.1 Million (31 March 2016: ₹ 1,822.0 Million; 1 April 2015: ₹ 1,093.6 Million) and are repayable on demand.
- Working Capital Loan from banks in Foreign Currency carries Interest rate in the range of 1.10% to 2.00% and those in Indian Rupees carries Interest rate in the range of 10% to 11% p.a.

## S&B Pharma Inc

The Insurance loan will be repaid within one year.

### 3.15. : Provisions

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>A. Non-current provision</b>			
Provisions for employee benefits			
Gratuity ( <b>Refer Note 3.29</b> )	510.3	397.8	329.1
Compensated absences	212.5	189.6	220.0
Provision for anticipated sales returns ( <b>Refer Note.3.35</b> )	298.9	242.2	168.0
<b>TOTAL</b>	<b>1,021.7</b>	<b>829.6</b>	<b>717.1</b>
<b>B. Current provision</b>			
Provision for wealth tax	-	-	0.8
Provision for dividend	-	-	5.0
Provision for corporate dividend distribution tax	-	-	1.0
Provision for employee benefits:			
Gratuity ( <b>Refer Note 3.29</b> )	300.7	247.4	349.9
Compensated absences	294.7	230.9	61.9
Provision for anticipated sales returns ( <b>Refer Note.3.35</b> )	649.0	568.6	436.9
<b>TOTAL</b>	<b>1,244.4</b>	<b>1,046.9</b>	<b>855.5</b>

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## 3.16. : Other Non Current Liabilities

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deferred Income on government grant (Refer Note 3.48)	112.9	26.5	31.0
<b>TOTAL</b>	<b>112.9</b>	<b>26.5</b>	<b>31.0</b>

## 3.17. : Trade Payables:

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Dues to Micro Enterprises and Small Enterprises (Refer Note 3.28)	1,009.0	653.9	467.2
Others	6,404.7	5,150.9	4,195.7
<b>TOTAL</b>	<b>7,413.7</b>	<b>5,804.8</b>	<b>4,662.9</b>

Due to related parties ₹ 82.2 Million (31 March 2016; ₹ 46.7 Million; 1 April 2015 ₹ 53.8 Million) (Refer Note 3.32)

## 3.18. : Other Financial Liabilities

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current maturities of long-term debts in foreign currencies (Refer Note 3.14)	23.2	659.1	1,247.4
Current maturities of long-term debts in domestic currencies (Refer Note 3.14)	32.1	39.6	29.0
Interest accrued but not due on borrowings	10.4	3.2	3.3
Employee payables	952.0	1,095.3	233.7
Security Deposits	146.2	124.6	118.9
Accrual for Expenses	1,496.0	1,173.6	1,135.4
Others payables*	-	30.6	-
Unpaid dividend**	-	0.6	-
<b>TOTAL</b>	<b>2,659.9</b>	<b>3,126.6</b>	<b>2,767.7</b>

\* includes amount payable in excess of amount set aside for IPO related expenses recovered from shareholders whose shares were offered for sale in the initial public offering. IPO related expenses includes ₹ 15 million paid to directors as incentive. This has been subsequently refunded to shareholders whose shares were offered for sale in the initial public offering.

\*\* There are no amounts due for payment to the Investor education and protection fund ("IEPF") under Section 125 of the Companies Act, 2013.

## 3.19. : Other Current Liabilities

Particulars	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Due to statutory authorities*	389.9	312.8	238.6
Advances from customers	327.1	216.2	107.3
Deferred Income on government grant	15.6	4.5	4.8
<b>TOTAL</b>	<b>732.6</b>	<b>533.5</b>	<b>350.7</b>

\*Due to statutory authorities includes sales tax payable, excise duty payable, tax deducted at source payable, service tax payable, provident fund and other funds payable.

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## 3.20. : Revenue from Operations:

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
<b>Sale of products- (A)</b>	57,812.1	49,885.5
Other operating revenues:		
Processing Income	35.3	20.9
Export incentives	390.2	281.0
Scrap sales	55.3	35.0
Foreign currency transactions and translation gain (net)	37.4	156.7
Government subsidy income	31.5	4.8
Royalty income	32.0	32.1
Excise duty refund	123.3	-
Miscellaneous income/receipts	7.9	63.3
<b>Total other operating revenue: - (B)</b>	<b>712.9</b>	<b>593.8</b>
<b>TOTAL (A) + (B)</b>	<b>58,525.0</b>	<b>50,479.3</b>

## 3.21. : Other Income:

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Interest Income on		
-Bank deposits	713.9	998.5
-Bonds and debentures at amortised cost	312.8	274.1
Dividend income on equity securities at FVTPL	0.8	1.0
Income from investment in joint venture (Refer Note 3.2)	-	32.7
Gain on fair valuation of investment in Avenue Venture Capital Fund on loss of control	-	731.7
Provision no longer required, written back	-	7.5
Rental income	6.9	13.5
Net profit on sale of equity securities at FVTPL	24.8	0.4
Sale of brands (Refer Note 3.44)	-	205.0
Gain on fair value of investments through profit and loss	47.0	23.4
Miscellaneous income	13.9	109.3
<b>TOTAL</b>	<b>1,120.1</b>	<b>2,397.1</b>

## 3.22. : Cost of Materials Consumed

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Raw material consumed	10,355.0	8,403.2
Packing material consumed	4,138.2	3,330.1
	<b>14,493.2</b>	<b>11,733.3</b>

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## 3.23. : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade:

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Opening Stock:		
Finished goods	2,319.6	2,482.7
Stock-in-trade	3,740.6	2,640.0
Work-in-progress	529.0	361.3
	<b>6,589.2</b>	<b>5,484.0</b>
Less: Closing stock:		
Finished goods	3,057.7	2,319.6
Stock-in-trade	5,764.3	3,740.6
Work-in-progress	587.0	529.0
	<b>9,409.0</b>	<b>6,589.2</b>
Effect of foreign exchange translation reserve	(76.3)	60.8
<b>TOTAL</b>	<b>(2,896.0)</b>	<b>(1,044.4)</b>

## 3.24. : Employee Benefits Expense:

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Salaries, wages and bonus	9,138.3	7,897.2
Contribution to provident and other fund ( Refer Note 3.29)	369.5	311.9
Employees' welfare expenses	527.0	401.5
Employee stock compensation expenses ( Refer Note 3.47)	3.7	0.2
<b>TOTAL</b>	<b>10,038.5</b>	<b>8,610.8</b>

## 3.25: Finance Cost:

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Interest expenses on		
-Bank overdraft and others	342.1	629.8
-Defined benefit liabilities (Refer Note 3.29)	46.4	46.8
Other borrowing cost	63.1	35.8
<b>TOTAL</b>	<b>451.6</b>	<b>712.4</b>

## 3.26. : Other Expenses:

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Consumption of stores and spare parts	649.7	430.2
Power and fuel	870.6	663.3
Excise duty	1,649.7	1,230.9
Processing charges	189.4	73.5
Contract labour charges	519.1	448.4
Rent (Refer Note 3.30)	203.3	197.6

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Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Rates and taxes	107.8	38.8
Insurance	206.8	163.2
Marketing and promotions	3,637.9	2,844.2
Selling and distribution expenses	1,750.9	1,561.9
Legal and professional Fees	911.9	973.6
Sales-Tax , Octroi Duty, Custom Duty etc.	209.3	202.3
Sales commission	418.7	345.8
Travelling and conveyance	1,735.7	1,555.6
Repairs:		
- Buildings	131.4	69.9
- Plant and machineries	222.2	145.2
- Others	158.8	139.4
Loss on sale of property plant and equipments (net)	20.2	127.7
Commission to director	144.0	130.0
Donation	17.6	4.3
Communication and printing expenses	243.0	191.5
Vehicle expenses	96.4	82.7
Clinical and analytical charges	499.3	462.0
Bad Debts/Advances written off	71.7	3.0
Allowances for doubtful debts	10.4	162.5
Corporate Social Responsibility (CSR) expenditure ( <b>Refer Note 3.43</b> )	68.3	43.1
Royalty Expenses	407.3	402.9
License and registration fee and technology fee	74.3	62.4
Loss on fair value of investments through profit and loss	-	2.2
Miscellaneous expenses	979.3	799.0
Foreign currency loss on transaction / translation (net)	76.8	140.1
<b>TOTAL</b>	<b>16,281.7</b>	<b>13,697.2</b>

### 3.27. : Contingent Liabilities and Commitments

#### a) Contingent Liabilities not provided for

Sr. No.	Particulars	(₹ in Million)		
		31 March 2017	As at 31 March 2016	1 April 2015
<b>1</b>	<b>Claims against the Company not acknowledged as debt:</b>			
(i)	Central Excise demand disputed in appeal {advances paid in dispute ₹ <b>41.6 Million</b> (31 March 2016 ₹ 13.7 Million) (1 April 2015 ₹ 30.8 Million)}	68.0	37.7	56.8
(ii)	Sales Tax demand disputed in appeal (advances paid in dispute ₹ <b>38.0 Million</b> 31 March 2016 ₹ 79.2 Million; 1 April 2015 ₹ 3.5 Million)	164.1	497.0	122.5
(iii)	Service Tax demand disputed in appeal	0.7	1.1	37.5
(iv)	Income Tax demand disputed in appeal :advances paid dispute in ₹ Nil (31 March 2016 ₹ Nil; 1 April 2015 ₹ Nil)	285.3	450.8	426.0

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		(₹ in Million)		
Sr. No.	Particulars	As at		
		31 March 2017	31 March 2016	1 April 2015
(v)	Other matters:			
a.	In relation to purchase commitments- ₹ <b>968.1 Million*</b> (31 March 2016 ₹ 968.1 Million; 1 April 2015 ₹ 968.1 Million)			
b.	Supply of Goods: ₹ <b>376.6 Million</b> (31 March 2016 ₹ 461.2 Million (1 April 2015 ₹ 717.4 Million)**			
c.	in relation to property- ₹ <b>Nil</b> (31 March 2016 ₹ Nil; 1 April 2015 ₹ 13.8 Million)	2,093.1	1,429.3	1,699.2
d.	in relation to CCI - ₹ <b>746.3 Million</b> (31 March 2016 ₹ Nil; 1 April 2015 ₹ Nil)			
e.	Alleged infringement of intellectual property - ₹ <b>2.1 Million</b>			
	<b>Total</b>	<b>2,611.2</b>	<b>2,415.9</b>	<b>2,342.1</b>

Management considers that service tax, excise duty, custom duty, sales tax and income tax demands received from the authorities are not tenable against the Company, and therefore no provision for these tax contingencies have been made.

\* Claim from vendor in relation to compliance with contractual purchase commitment and alleged infringement of intellectual property

\*\* Claim from customer in relation to product quality issues and packing norms in recipient country.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required and disclosed as contingent liabilities wherever applicable, in its financial statement. The Company does not expect the outcome of these proceedings to have materially adverse effect on its financial statements.

## b) Commitments

		(₹ in Million)		
Sr. No.	Particulars	As at		
		31 March 2017	31 March 2016	1 April 2015
1	Estimated amount of contracts remaining to be executed on Capital Accounts - advances paid ₹ <b>77.0 Million</b> (31 March 2016 ₹ 501.5 Million; 1 April 2015 ₹ 58.8 Million)	1,762.5	2303.9	142.4
2	Uncalled/ Unpaid contribution towards investment in funds <b>(Refer Note.3.2)</b>	26.5	75.1	136.6
3	Other Commitments: Commitment towards research and development - <b>USD 4.7 Million</b> (31 March 2016 USD 5.2 Million; 1 April 2015 USD 2.5 Million)	305.5	345.5	187.5
4	Letter of Credit opened by the Banks	369.9	601.0	225.8
5	Outstanding Bank Guarantees	298.1	187.5	52.8
6	Pending Export Obligation under advance licence/ EPCG Scheme	115.7	51.8	10.0
7	Other Commitments - Non Cancellable Operating Lease - <b>Refer Note.3.30</b>			

### 3.28. : Dues to Micro and Small enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro and Small enterprises. On the basis of the information and records available with the Management, the outstanding dues to the Micro and Small enterprises as defined in the MSMED as set out in following disclosure.

		(₹ in Million)		
Sr. No.	Particulars	As at	As at	As at
		31 March 2017	31 March 2016	1 April 2015
1	Principal amount remaining unpaid to any supplier as at the year end	1,009.0	653.9	467.2
2	Interest due thereon	50.1	3.5	1.0
3	The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-	-

# NOTES

to the Consolidated Financial Statements

		(₹ in Million)		
Sr. No.	Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
4	The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-	-
5	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-	-
6	The amount of interest accrued and remaining unpaid at the end of each accounting year.	50.1	3.5	1.0
7	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	50.1	3.5	1.0

### 3.29. : Disclosure of Employee Benefits as per Indian Accounting Standard 19 is as under:

#### The Company

##### i) Defined contribution plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The provident fund plan is operated by the Government administered employment provident fund. Eligible employees receive the benefits from the said Provident Fund. Both the employees and the Company make monthly contribution to the Provident Fund plan equal to a specific percentage of the covered employee's salary. The Company has no obligations other than to make the specified contributions.

The Superannuation fund is administered by the Life Insurance Corporation of India (LIC). Under the plan, the Company is required to contribute pre determined percentage of payroll cost of the eligible employee to the superannuation plan to fund the benefit.

The Company has recognised the following amounts in the Statement of Profit and Loss

		(₹ in Million)	
Particulars	For the Year ended 31 March 2017	For the Year ended 31 March 2016	
- Contribution to Provident Fund	261.6	214.9	
- Contribution to Superannuation fund	2.1	2.7	
- Contribution to Employee state insurance corporation	21.6	19.2	
<b>TOTAL</b>	<b>285.3</b>	<b>236.8</b>	

##### ii) Defined benefit plan:

The Company earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

- a) On Normal retirement/ early retirement/ withdrawal/resignation:  
As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.
- b) On death in service:  
As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity was carried out as at March 31, 2017 by an independent actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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to the Consolidated Financial Statements

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2017

		(₹ in Million)		
Sr. No.	Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>I)</b>	<b>Reconciliation in present value of obligations (PVO) – defined benefit obligation :</b>			
	Current Service Cost	75.5	65.7	94.0
	Interest Cost	38.8	40.2	42.9
	Actuarial (gain) / losses	56.1	(0.6)	76.3
	Benefits paid	(32.1)	(156.0)	(35.9)
	PVO at the beginning of the year	536.0	586.7	409.4
	PVO at end of the year	674.3	536.0	586.7
<b>II)</b>	<b>Reconciliation of PVO and fair value of plan assets:</b>			
	PVO at end of year	674.3	536.0	586.7
	Fair Value of planned assets at end of year	-	-	-
	Funded status	(674.3)	(536.0)	(586.7)
	Unrecognised actuarial gain/ (loss)	-	-	-
	Net asset/ (liability) recognised in the balance sheet	(674.3)	(536.0)	(586.7)

		(₹ in Million)		
Sr. No.	Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 1 April 2015
<b>iv)</b>	<b>Net cost for the year</b>			
	Current Service cost	75.5	65.7	94.0
	Interest cost	38.8	40.2	42.9
	Expected return on plan assets	-	-	-
	Actuarial (gain) / losses	56.1	(0.6)	76.3
	Net cost	170.4	105.3	213.2
<b>v)</b>	<b>Assumption used in accounting for the gratuity plan:</b>			
	Discount rate (%)	6.69	7.46	8.00
	Salary escalation rate (%)	6.25	6.25	6.25

**Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Salary Escalation Rate:** The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The amounts of the present value of the obligation and experience adjustment arising on plan liabilities are as below :

		(₹ in Million)				
Particulars	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	
Defined Benefit Obligation at end of the year	674.4	536.0	586.7	409.4	366.1	
Experience Gain/Loss Adjustment on plan Liabilities	36.5	(11.2)	(16.4)	(48.9)	12.5	
Actuarial Gain/(Loss) due to change on assumption	19.6	10.6	92.7	31.3	(60.5)	

# NOTES

to the Consolidated Financial Statements

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	(₹ in Million)			
	As at 31 March 2017		As at 31 March 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	25.2	(27.8)	18.9	(20.9)
Future salary growth (1% movement)	(25.7)	23.7	(19.5)	17.9

## Indchemie Health Specialities Private Limited (“Subsidiary)

### (i) Defined contribution plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The provident fund plan is operated by the government administrated employment provident fund. Eligible employees receive the benefits from the said Provident Fund. Both the employees and the Company make monthly contribution to the Provident Fund plan equal to a specific percentage of the covered employee’s salary. The minimum interest rate payable to the beneficiaries every year is being notified to the government.

The Company has recognised the following amount in the Statement of Profit and Loss

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
- Contribution to Provident Fund	32.1	26.9

### (ii) Defined benefit plan

The Company earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

- On Normal retirement/ early retirement/ withdrawal/resignation:  
As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.
- On death in service  
As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.  
The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2017 by the actuary.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company’s financial statements as at March 31, 2017.

Sr. No.	Particulars	(₹ in Million)		
		As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>I)</b>	<b>Reconciliation in present value of obligations (PVO) – defined benefit obligation :</b>			
	Current Service Cost	8.5	5.7	7.4
	Interest Cost	3.7	3.2	2.6
	Actuarial (gain) / losses	4.0	2.1	(7.7)
	Benefits paid	(1.3)	(1.7)	(1.9)
	PVO at the beginning of the year	50.3	41.0	33.5
	PVO at end of the year	65.2	50.3	41.0

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to the Consolidated Financial Statements

		(₹ in Million)		
Sr. No.	Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>II)</b>	<b>Change in fair value of plan assets</b>			
	Expected return on plan assets	-	-	-
	Actuarial gain/(losses)	-	-	-
	Contributions by the employer	1.3	1.7	1.9
	Benefits paid	(1.3)	(1.7)	(1.9)
	Fair value of plan assets at beginning of the year	-	-	-
	Fair value of plan assets at end of the year	-	-	-
<b>III)</b>	<b>Reconciliation of PVO and fair value of plan assets:</b>			
	PVO at end of year	65.2	50.3	41.0
	Fair Value of planned assets at end of year	-	-	-
	Funded status	(65.2)	(50.3)	(41.0)
	Unrecognised actuarial gain/ (loss)	-	-	-
	Net asset/ (liability) recognised in the balance sheet	(65.2)	(50.3)	(41.0)

		(₹ in Million)	
Sr. No.	Particulars	For the year ended 31 March,2017	For the year ended 31 March,2016
<b>iv)</b>	<b>Net cost for the year</b>		
	Current Service cost	8.5	5.7
	Interest cost	3.7	3.2
	Expected return on plan assets	-	-
	Actuarial (gain) / losses	4.0	2.1
	Net cost	16.2	11.0
<b>v)</b>	<b>Assumption used in accounting for the gratuity plan:</b>		
	Discount rate (%)	6.69	7.46
	Salary escalation rate (%)	7.00	7.00

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

		(₹ in Million)			
Particulars	As at 31 March 2017		As at 31 March 2016		
	Increase	Decrease	Increase	Decrease	
Discount rate (1% movement)	(4.1)	4.7	3.2	(3.7)	
Future salary growth (1% movement)	4.0	(3.7)	(3.2)	2.9	

The amounts of the present value of the obligation and experience adjustment arising on plan liabilities are as below :

		(₹ in Million)				
Particulars	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	
Defined Benefit Obligation at end of the year	65.2	50.3	41.0	33.5	28.3	
Experience Gain/Loss Adjustment on plan Liabilities	0.7	0.1	(7.4)	(1.2)	(0.7)	
Actuarial Gain/(Loss) due to change on assumption	3.2	2.0	(0.3)	(0.2)	(0.5)	

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## Cachet Pharmaceuticals Private Limited (“Subsidiary)

### (i) Defined contribution plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The provident fund plan is operated by the government administrated employment provident fund. Eligible employees receive the benefits from the said Provident Fund. Both the employees and the Company make monthly contribution to the Provident Fund plan equal to a specific percentage of the covered employee's salary. The minimum interest rate payable to the beneficiaries every year is being notified to the Government.

The Company has recognised the following amounts in the Statement of Profit and Loss

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
- Contribution to Provident Fund	24.2	22.9

### Defined benefit plan:

The Company earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

- On Normal retirement/ early retirement/ withdrawal/resignation:  
As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.
- On death in service:  
As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2017 by the Actuary.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2017

Sr. No.	Particulars	(₹ in Million)		
		As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>I)</b>	<b>Reconciliation in present value of obligations (PVO) – defined benefit obligation :</b>			
	Current Service Cost	6.5	6.9	5.6
	Interest Cost	3.8	3.3	3.8
	Actuarial (gain) / losses	4.4	2.6	3.6
	Benefits paid	(2.8)	(2.7)	(5.0)
	PVO at the beginning of the year	52.9	42.7	34.7
	PVO at end of the year	64.8	52.9	42.7
<b>II)</b>	<b>Change in fair value of plan assets</b>			
	Expected return on plan assets	-	-	-
	Actuarial gain/(losses)	-	-	-
	Contributions by the employer	2.8	2.7	5.0
	Benefits paid	(2.8)	(2.7)	(5.0)
	Fair value of plan assets at beginning of the year			
	Fair value of plan assets at end of the year			
<b>III)</b>	<b>Reconciliation of PVO and fair value of plan assets:</b>			
	PVO at end of year	64.8	52.9	42.7
	Fair Value of planned assets at end of year	-	-	-
	Funded status	(64.8)	(52.9)	(42.7)
	Unrecognised actuarial gain/ (loss)	-	-	-
	Net asset/ (liability) recognised in the balance sheet	64.8	(52.9)	(42.7)

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to the Consolidated Financial Statements

Sr. No.	Particulars	(₹ in Million)	
		For the year ended 31 March, 2017	For the year ended 31 March, 2016
<b>iv)</b>	<b>Net cost for the year:</b>		
	Current Service cost	6.5	6.9
	Interest cost	3.8	3.3
	Expected return on plan assets	-	-
	Actuarial (gain) / losses	4.4	2.6
	Net cost	14.8	12.8
<b>v)</b>	<b>Assumption used in accounting for the gratuity plan:</b>		
	Discount rate (%)	6.69	7.46
	Salary escalation rate (%)	5.00	5.00

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	(₹ in Million)			
	As at 31 March 2017		As at 31 March 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	4.7	(5.4)	3.9	(4.5)
Future salary growth (1% movement)	(4.8)	4.4	(4.1)	3.8

## Enzene Biosciences Limited (Subsidiary)

### i) Defined contribution plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The provident fund plan is operated by the government administrated employment provident fund. Eligible employees receive the benefits from the said Provident Fund. Both the employees and the Company make monthly contribution to the Provident Fund plan equal to a specific percentage of the covered employee's salary. The minimum interest rate payable to the beneficiaries every year is being notified by the Government.

The Company has recognised the following amount in the Statement of Profit and Loss

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
- Contribution to Provident Fund	2.3	0.8

### Defined benefit plan:

The Company earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

- On Normal retirement/ early retirement/ withdrawal/resignation:  
As per the provisions of the Payment of Gratuity Act, 1972 with vesting period of 5 years of service.
- On death in service:  
As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2017 by the Actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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to the Consolidated Financial Statements

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2017.

		(₹ in Million)		
Sr. No.	Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>I)</b>	<b>Reconciliation in present value of obligations</b>			
	Obligations at period beginning – Current	0.1	0.1	0.0
	Obligations at period beginning - Non-current	0.6	1.3	0.7
	Current Service Cost	0.6	0.5	0.4
	Interest Cost	0.1	0.1	0.1
	Benefits paid	-	(0.3)	(0.1)
	Actuarial (gain) / losses	(0.0)	(0.9)	0.2
	PVO at end of the year	1.4	0.7	1.4
	Current Liability (within 12 months)	0.1	0.1	0.1
	Non Current Liability	1.3	0.6	1.3
<b>II)</b>	<b>Change in fair value of plan assets</b>			
	Expected return on plan assets	-	-	-
	Actuarial gain/(losses)	-	-	-
	Contributions by the employer	-	0.3	0.1
	Benefits paid	-	(0.3)	(0.1)
	Fair value of plan assets at beginning of the year	-	-	-
	Fair value of plan assets at end of the year	-	-	-
<b>III)</b>	<b>Reconciliation of PVO and fair value of plan assets:</b>			
	PVO at end of year	-	-	-
	Fair Value of planned assets at end of year	-	-	-
	Funded status	-	-	-
	Unrecognised actuarial gain/ (loss)	-	-	-
	Net asset/ (liability) recognised in the balance sheet			

		(₹ in Million)	
Sr. No.	Particulars	For the year ended 31 March,2017	For the year ended 31 March,2016
<b>IV)</b>	<b>Net cost for the year</b>		
	Current Service cost	0.6	0.5
	Interest cost	0.1	0.1
	Expected return on plan assets	-	-
	Actuarial (gain) / losses	(0.0)	(0.9)
	Net cost	0.7	(0.3)
<b>v)</b>	<b>Assumption used in accounting for the gratuity plan:</b>		
	Discount rate (%)	6.69	7.46
	Salary escalation rate (%)	6.25	6.25

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

		(₹ in Million)			
Particulars	As at 31 March 2017		As at 31 March 2016		
	Increase	Decrease	Increase	Decrease	
Discount rate (1% movement)	(0.1)	0.1	(0.1)	0.1	
Future salary growth (1% movement)	0.1	(0.1)	0.1	(0.1)	

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## The PharmaNetwork LLC, (Subsidiary)

The Company has maintained a 401(k) Safe Harbor Profit Sharing Plan ("Plan") to provide retirement and incidental benefits for its eligible employees. Employees may contribute from 1% to 15% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Company contributes 100% of each dollar of elective contributions each eligible participant makes each plan year, up to the limit of 4% of gross pay. All safe harbor contributions vest immediately. In addition, the Plan provides for discretionary contributions as determined by the board of directors. Such contributions to the Plan are allocated among eligible participants in the proportion of their salaries to the total salaries of all participants. Discretionary contributions are fully vested after six years of employment. The Plan requires that the contribution be placed in a trust fund in accordance with the Group Annuity Contract between the trustee, Chase Manhattan Bank, N.A. and the Equitable Life Assurance.

## Company matching contributions to the Plan

Particulars	(₹ in Million)	
	For the Year ended 31 March 2017	For the Year ended 31 March 2016
- Contribution to 401(k) Plan - <b>USD 1,56,327</b> (31 March 2016; USD1,21,393)	10.5	7.9

No discretionary contribution were made in either year.

## S&B Pharma Inc. (Subsidiary)

The Company sponsors a 401(k) profit sharing plan that covers eligible employees. The profit sharing portion of the plan provides for contributions to eligible employees based on 6% of total compensation. For the year ended 31 March 2017; 31 March 2016, the Company's contributions to the plan were **\$ 299,361 (₹ 20.1 Million)** and \$ 292,623 (₹ 19.1 Million) respectively.

The 401(k) portion of the plan provides for voluntary salary deferrals for eligible employees. Matching Company contributions are at the discretion of management; during the year ended 31 March, 2016 Matching contribution accrued and paid \$ 19,600 (₹ 1.3 Million)

## Subsidiary in Nigeria

Alkem Laboratories (Nigeria) Limited, the Group's subsidiary in Nigeria, operates a contributory Pension Scheme, which employees join upon employment. Employees and employer contribution are 8% and 10% of defined total package respectively, in accordance with the requirements of the Pension Reform Act, 2012. Contributions are made to a Trust Fund that manages the scheme. The subsidiary's liability in respect of the Scheme is charged to the Consolidated Statement of Profit and Loss of the year in which the contribution becomes payable.

The subsidiary's accrued contribution to the plan was ₹ **0.8 Millions** and ₹ 0.5 Millions for the year ended March 31, 2016 and 2015 respectively.

**3.30 a)** The Group has entered into non - cancellable operating lease agreements for premises/car/Computers. Rent expenses debited to the Statement of Profit and Loss is as below:

Particulars	(₹ in Million)	
	31 March 2017	31 March 2016
Rent expense	203.3	197.6
<b>Total</b>	<b>203.3</b>	<b>197.6</b>

The future minimum lease payments in respect of the non cancellable lease agreements as on the year end is as below:

Particulars	(₹ in Million)	
	31 March 2017	31 March 2016
Not later than one year	14.9	54.3
Later than one year but not later than five years	19.3	85.1
Later than five years	-	6.2
<b>Total</b>	<b>34.2</b>	<b>145.6</b>

# NOTES

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- b) Subsidiary companies in the U.S. have future obligations under finance lease for procurement of Plant & Equipment's which are payable as follows:

Particulars	(₹ in Million)	
	31 March 2017	31 March 2016
Not later than one year	23.2	31.3
Later than one year but not later than five years	-	23.4
Later than five years	-	-
<b>Total</b>	<b>23.2</b>	<b>54.7</b>

### 3.31. : Segment Reporting

An Operating Segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transaction with any of the Group's other components, and for which discrete financial information is available.

The Group is exclusively engaged in pharmaceutical business. As the Group has a single reportable segment, the segment wise disclosure requirements of Ind AS 108 on Operating Segment is not applicable.

### Entity-wide disclosures

The geographical information analyses the group's revenues and non-current assets by the company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets have been based on the geographic location of the assets.

Sr. No.	Particulars	(₹ in Million)	
		For the year ended 31 March, 2017	For the year ended 31 March, 2016
<b>a)</b>	<b>Revenue from Operations:</b>		
	Country of Domicile- India	42,866.1	37,085.6
	United States of America	12,034.9	9,907.1
	Other Countries	3,624.0	3,486.6
		<b>58,525.0</b>	<b>50,479.3</b>
<b>b)</b>	<b>Non-current assets</b>		
	Country of Domicile- India	16,910.8	12,981.1
	United States of America	3,880.6	3,064.9
	Other Countries	171.6	173.6
		<b>20,963.0</b>	<b>16,219.6</b>

### Note:

Non-current assets for this purpose consist of property, plant and equipments and intangibles.

- c) The Group did not have any external revenue from a particular customer which exceeded 10% of total revenue during the year

**3.32** Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures for the year ended 31 March 2017.

# NOTES

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## List of related parties and their relationship

### A. Key Managerial Personnel

Mr. Samprada Singh	Chairman Emeritus
Mr. Basudeo Narain Singh	Executive Chairman
Mr. Balmiki Prasad Singh	Director
Mr. Dhananjay Kumar Singh	Joint Managing Director
Mr. Mrityunjay Kumar Singh	Director
Mr. Sandeep Singh	Joint Managing Director
Mr. M.C.Shah	Independent Director
Mr. A.K.Purwar	Independent Director
Mr. A.M.Prasad	Independent Director
Mr. R.L.Shenoy	Independent Director
Ms. Sangeeta Singh	Independent Director
Ms. Sudha Ravi	Independent Director
Mr. Prabhat Agrawal	Chief Executive Officer
Mr. Rajesh Dubey	Chief Financial Officer
Mr. Manish Narang	Compliance Officer

### B. Relatives of Key Management Personnel with whom transactions have taken place during the year

Mr. Satish Kumar Singh	Son of Samprada Singh
Mrs. Jayanti Sinha	Sister of Samprada Singh
Mrs. Archana Singh	Daughter of Basudeo Narain Singh
Mr. Sarandhar Singh	Son of Balmiki Prasad Singh
Mr. Srinivas Singh	Son of Balmiki Prasad Singh
Mr. Sarvesh Singh	Brother of Sandeep Singh
Mrs. Manju Singh	Wife of Balmiki Prasad Singh
Mrs. Premlata Singh	Mother of Sandeep Singh
Mrs. Madhurima Singh	Wife of Dhananjay Kumar Singh
Mrs. Seema Singh	Wife of Mrityunjay Kumar Singh
Ms. Divya Singh	Daughter of Dhananjay Kumar Singh
Mst. Aniruddha Singh	Son of Dhananjay Kumar Singh
Ms. Meghna Singh	Daughter of Mrityunjay Kumar Singh
Mst. Shrey Shree Anant Singh	Son of Mrityunjay Kumar Singh
Ms. Inderjit Arora	Wife of Sandeep Singh
Mrs. Rekha Singh	Wife of Basudeo Narain Singh
Mr. Nawal Kishore Singh	Son of Samprada Singh

### C. Entities in which Key Management Personnel's and their relatives have significant influence and with whom transactions have taken place during the year ("Entities"):

M/s Galpha Laboratories Ltd., M/s. Samprada Singh (HUF)

## Details of Transactions with Related Parties

Sr. No.	Particulars	Year ended 31 March 2017			Total
		Key Management Personnel	Relatives of Key Management Personnel	Entities	
		a	b	c	
1	Remuneration*	519.4	84.0	-	603.5
		(409.7)	(90.1)	-	(499.8)
2	Loans taken	-	22.5	-	22.5
		-	(60.7)	-	(60.7)
3	Loans Repaid	1.2	33.0	-	34.2
		(4.2)	-	-	(4.2)
4	Interest expense on loans taken	-	4.9	-	4.9
		-	-	-	-
5	Purchase of stock in trade	-	-	328.3	328.3
		-	-	(383.0)	(383.0)
6	Sale of finished goods	-	-	11.8	11.8
		-	-	(42.1)	(42.1)
7	Sale of raw and packing materials	-	-	4.1	4.1
		-	-	(7.7)	(7.7)
8	Purchase of raw and packing materials	-	-	82.9	82.9
		-	-	(49.5)	(49.5)

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		(₹ in million)		
Sr. No.	Particulars	Year ended 31 March 2017		
		Key Management Personnel	Relatives of Key Management Personnel	Entities
		a	b	c
9	Services received	-	-	0.5
		-	-	(15.8)
10	Services rendered	-	-	54.2
		-	-	(15.3)
11	Rental income	-	-	3.3
		-	-	(3.3)
12	Rent expenses	0.6	3.5	-
		(0.6)	(3.5)	-
13	Dividend paid	197.0	227.0	0.9
		(419.5)	(582.0)	(1.9)
14	Repayment of loan given	-	-	-
		(3.0)	-	-
15	Reimbursement of expenses from	-	-	0.9
		-	-	(0.3)
16	Interest income on loan given	-	-	-
		(0.2)	-	-
				(0.2)

### \*Key management personnel Remuneration

Key management personnel Remuneration comprised the following :

Particulars	(₹ in Million)	
	Year ended 31 March 2017	Year ended 31 March 2016
Short term employee benefits	349.8	301.7
Post-employment benefits	20.2	9.9
Other long-term benefits	1.8	(35.1)
Remuneration paid to Chairman Emeritus	140.5	125.9
Commission/sitting fees to independent director	7.2	7.3

Based on the recommendation of the Nomination and Remuneration committee, all decisions relating to the remuneration of the directors are taken by the Board of Directors of the Company, in accordance with shareholders' approval, wherever necessary.

All other related party transactions are made in the normal course of business and on terms equivalent to those that prevail in an arm's length transactions.

Figures in the brackets are the comparative figures of the previous year.

### Balance due from / to the related Parties

		(₹ in million)		
Sr. No.	Particulars	As at 31 March 2017		
		Key Management Personnel	Relatives of Key Management Personnel	Entities
		a	b	c
1	Outstanding Payables	-	-	82.2
2	Loan payable	-	50.2	-
3	Outstanding Receivable	-	-	1.6
4	Loan Receivable	6.7	-	-
				6.7

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(₹ in million)

Sr. No.	Particulars	As at 31 March 2016			Total
		Key Management Personnel	Relatives of Key Management Personnel	Entities	
		a	b	c	
1	Outstanding Payables	-	-	46.7	46.7
2	Loan payable	-	60.7	-	60.7
3	Outstanding Receivable	-	-	5.7	5.7
4	Loan Receivable	7.9	-	-	7.9

(₹ in million)

Sr. No.	Particulars	As at 1 April 2015			Total
		Key Management Personnel	Relatives of Key Management Personnel	Entities	
		a	b	c	
1	Outstanding Payables	-	-	53.8	53.8
2	Loan payable	-	3.8	-	3.8
3	Loan Receivable	12.1	-	-	12.1

**3.33** The aggregate amount of revenue expenditure incurred during the year on Research and Development and shown in the respective heads of account is ₹ **3,203.7 Million**. (31 March 2016: ₹ 2,165.5 Million)

### 3.34 Earnings per share (EPS)

(₹ in Million)

Particulars			Year ended	Year ended
			31 March 2017	31 March 2016
Profit for the year attributable to Owners of the Parent	₹ in Million	A	8,920.3	7,415.9
Weighted average number of equity shares outstanding	Nos.	B	119,565,000	119,565,000
Basic and diluted earnings per equity share (₹) - Face value of ₹ 2 per share	In ₹	(A / B)	74.61	62.02

### 3.35 Disclosure as per Indian Accounting Standard (Ind AS 37) for provisions is as under:

#### Provision for Sales Return, Chargebacks and Rebates:

(₹ in Million)

Particulars	As at	As at	As at
	31 March 2017	31 March 2016	1 April 2015
Carrying amount at the Beginning of the year	810.8	604.9	-
Add: Provision made during the year	874.5	645.4	604.9
Less: Amount used/utilized during the year	737.4	439.5	-
Carrying amount at the end of the year	947.9	810.8	604.9

### 3.36 Derivative Contracts

Company had entered into an interest rate swap contract to hedge the interest rate risk with respect to the foreign currency borrowing with a variable interest rates based on LIBOR. The Company has fair valued the financial instruments and the reversal mark to market losses on the instrument has been recognised to the Statement of Profit and Loss during the year amounting to ₹ Nil (Previous year ended 31 March 2016 ₹ 3.1 Million - Charged to the Statement of Profit and Loss)

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## 3.37 Dividend paid and proposed

### a Dividends on equity shares were declared and paid by the company during the year

Particulars	Dividend Per Equity Shares (₹)	Year ended 31 March 2017 (₹ in Million)	Dividend Per Equity Shares (₹)	Year ended 31 March 2016 (₹ in Million)
Dividend on Equity Shares	6.00	717.4	12.70	1,518.5
Dividend Distribution Tax		146.0		309.0
<b>Total</b>		<b>863.4</b>		<b>1,827.5</b>

After the reporting dates the following dividends (excluding dividend distribution tax) were proposed by the directors subject to the approval at the annual general meeting; the dividends have not been recognised as liabilities. Dividends would attract dividend distribution tax when declared or paid.

Particulars	Dividend Per Equity Shares (₹)	Year ended 31 March 2017 (₹ in Million)
Final Dividend on Equity Shares	9.00	1,076.1
Dividend Distribution Tax		219.0
<b>Total</b>		<b>1,295.1</b>

## 3.38 Impairment testing for cash generating unit (CGU) containing goodwill

The goodwill at each CGU level is tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount is less than its carrying value. The recoverable amount is based on a value-in-use calculation using the discounted cash flow method. The value-in-use calculation is made using pre-tax Budgeted EBITDA projections of the next six years and the Terminal Value at the end of the sixth year (after considering the relevant long-term growth rate) which is considered by the Board as a reasonable period given the long development and life cycle of medicine.

Goodwill acquired through business combinations with indefinite lives has been allocated to the following CGU's

Name of the Entities	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
The Pharmanetwork LLC, United States of America	1,798.4	1,877.3	1,775.9
Pharmacor Pty Ltd, Australia	155.8	159.1	151.0
Enzene Biosciences Limited	106.0	106.0	106.0
Cachet Pharmaceuticals Pvt. Ltd, ("CPPL")	487.9	487.9	487.9
Indchemie Health Specialities Pvt. Ltd ("IHSP")	900.3	900.3	900.3
<b>Total</b>	<b>3,448.4</b>	<b>3,530.6</b>	<b>3,421.0</b>

The table below shows the key assumptions used in the value in use calculations:

Particulars	For the year ended 31 March 2017				
	Thepharma Network LLC	Enzene Biosciences Limited	Pharmacore Pty Ltd	CPPL	IHSP
Pre-tax adjusted discount rate (in %)	11.8%	17.9%	12.4%	11.5%	11.5%
Long-term growth rate (in %)	5.0%	5.0%	5.0%	5.0%	5.0%

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## Key assumptions used in the value-in-use calculations

Assumptions	How determined
Long-term growth rate	Long-term growth rate used for the purpose of calculation of terminal value has been determined based on the long-term compound annual growth rate in EBITDA.
Pre-tax risk adjusted discount rate	<p>The discount rate applied to the cash flows of each of the Group's operations is generally based on the risk free rate for ten year bonds issued by the government in India. These rates are adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of of the Group. In making this adjustment, inputs required are the equity market risk premium (that is the required increased return required over and above a risk free rate by an investor who is investing in the market as a whole) and the risk adjustment, beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole.</p> <p>In determining the risk adjusted discount rate, management has applied an adjustment for the systematic risk of the Group's operations by using an average of the betas of comparable listed pharmaceutical companies and, where available and appropriate, across a specific territory. Management has used a forward-looking equity market risk premium that takes into consideration both studies by independent economists, the average equity market risk premium over the past ten years and the market risk premiums typically used by investment banks in evaluating acquisition proposals.</p>

These assumptions are reviewed annually as part of management's budgeting and strategic planning cycles. These estimates may differ from actual results. The values assigned to each of the key assumptions reflect the Management's past experience as their assessment of future trends, and are consistent with external / internal sources of information.

Based on the above assumptions and analysis, no impairment was identified for any of the CGU as at 31 March 2017, 31 March 2016 and 1 April 2015 as the recoverable value of the CGU exceeded the carrying value.

The Group has also performed sensitivity analysis calculations on the projections used and discount rate applied. The Directors have concluded that, given the significant headroom that exists, and the results of the sensitivity analysis performed, there is no significant risk that reasonable changes in any key assumptions would cause the carrying value of goodwill to exceed its value in use.

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## 3.39 Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interest, before any intra-group eliminations.

### 31 March 2017

	(₹ in million)		
	CPPL	IHSPL	Total
<b>Non-controlling interest percentage</b>	41.2%	49.0%	
Non-current assets	951.5	1,489.4	2,440.9
Current assets	1,001.5	1,469.2	2,470.7
Non-current liabilities	347.8	142.2	490.0
Current liabilities	1,060.2	923.5	1,983.7
<b>Net assets</b>	<b>545.0</b>	<b>1,892.9</b>	<b>2,437.9</b>
Net assets attributable to the non-controlling interest	224.7	927.6	1,152.3
Revenue from operations	3,019.6	3,501.7	6,521.3
Profit after tax	(41.2)	245.0	203.8
Other comprehensive income (net of tax)	(2.9)	(2.6)	(5.5)
<b>Total comprehensive income</b>	<b>(44.1)</b>	<b>242.4</b>	<b>198.3</b>
Profit allocated to non-controlling interest	(6.6)	133.0	126.4
Other comprehensive income allocated to non-controlling interest	(1.2)	(1.2)	(2.4)
<b>Total comprehensive income allocated to non-controlling interest</b>	<b>(7.8)</b>	<b>131.8</b>	<b>124.0</b>
Cash flows from operating activities	63.9	(117.8)	(53.9)
Cash flows from investing activities	(430.3)	194.3	(236.0)
Cash flows from financing activities (dividends to NCI : ₹ Nil)	320.4	(80.9)	239.5
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(46.1)</b>	<b>(4.3)</b>	<b>(50.4)</b>

### 31 March 2016

	(₹ in million)		
	CPPL	IHSPL	Total
<b>Non-controlling interest percentage</b>	49%	49%	
Non-current assets	540.7	1,274.5	1,815.2
Current assets	973.2	1,731.1	2,704.3
Non-current liabilities	223.9	120.1	344.0
Current liabilities	950.5	1,238.4	2,188.9
<b>Net assets</b>	<b>339.5</b>	<b>1,647.1</b>	<b>1,986.6</b>
Net assets attributable to the non-controlling interest	155.7	794.5	950.2
Revenue from operations	3,138.2	3,053.5	6,191.7
Profit after tax	39.2	186.5	225.7
Other comprehensive income (net of tax)	(1.8)	(1.4)	(3.2)
<b>Total comprehensive income</b>	<b>37.4</b>	<b>185.1</b>	<b>222.5</b>
Profit allocated to non-controlling interest	17.1	89.3	106.4
Other comprehensive income allocated to non-controlling interest	0.9	0.7	1.6
<b>Total comprehensive income allocated to non-controlling interest</b>	<b>18.0</b>	<b>90.0</b>	<b>108.0</b>
Cash flows from operating activities	10.8	425.2	436.0
Cash flows from investing activities	(96.5)	(381.0)	(477.5)
Cash flows from financing activities (dividends to NCI : ₹ 4.9 Million)	85.1	(75.0)	10.1
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(0.6)</b>	<b>(30.8)</b>	<b>(31.3)</b>

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## 1 April 2015

	(₹ in million)		
	CPPL	IHSPL	Total
<b>Non-controlling interest percentage</b>	49.0%	49.0%	
Non- current assets	466.8	1,136.1	1,602.9
Current assets	897.1	1,672.0	2,569.1
Non-current liabilities	106.7	91.6	198.3
Current liabilities	955.6	1,243.2	2,198.8
<b>Net assets</b>	<b>301.6</b>	<b>1,473.3</b>	<b>1,774.9</b>
Net assets attributable to the non-controlling interest	<b>137.4</b>	<b>709.8</b>	<b>847.2</b>

### Acquisition of Non-Controlling Interest ("NCI")

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity .

On 31 August 2016, the Group acquired an additional 7.8% interest in Cachet pharmaceuticals private Ltd ("CPPL") for Rs.250.0 Million in cash, increasing its ownership from 51% to 58.8%.

The changes in equity attributable to the owners of the Group from transactions with non controlling interest is as under:

Particulars	(₹ in million)
Consideration paid to CPPL	250.0
Less: Equity of NCI diluted pursuant to acquisition of additional stake in CPPL by the Group	173.4
A decrease in equity attributable to owners of the Group	<b>76.6</b>

## 3.40: Financial instruments – Fair values and risk management

### A. Accounting classification and fair values

The Group uses the following hierarchic structure of valuation methods to determine and disclose information about the fair value of financial instruments:

**Level 1:** Observable prices in active markets for identical assets and liabilities;

**Level 2:** Observable inputs other than quoted prices in active markets for identical assets and liabilities;

**Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities

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(₹ in Million)

31 March 2017	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	1,666.3	1,666.3	-	-	-	-
Other Bank Balances	-	-	2,326.3	2,326.3	-	-	-	-
Non-current investments	448.2	-	2,302.2	2,750.4	-	155.9	292.3	448.2
Current investments	2,771.6	-	8.1	2,779.7	15.6	-	2,756.0	2,771.6
Non current loans	-	-	91.5	91.5	-	-	-	-
Current loans	-	-	153.5	153.5	-	-	-	-
Trade receivables	-	-	7,136.4	7,136.4	-	-	-	-
Other Non-current financial assets	-	-	4,192.7	4,192.7	-	-	-	-
Other Current financial assets	-	-	408.4	408.4	-	-	-	-
	<b>3,219.8</b>	<b>-</b>	<b>18,285.4</b>	<b>21,505.2</b>	<b>15.6</b>	<b>155.9</b>	<b>3,048.3</b>	<b>3,219.8</b>
<b>Financial liabilities</b>								
Non current borrowings (Including current maturity of Long term debts)	-	-	2,143.8	2,143.8	-	2,143.8	-	2,143.8
Current borrowings	-	-	4,450.8	4,450.8	-	-	-	-
Trade payables	-	-	7,413.7	7,413.7	-	-	-	-
Other Current financial liabilities	-	-	2,604.6	2,604.6	-	-	-	-
	<b>-</b>	<b>-</b>	<b>16,612.9</b>	<b>16,612.9</b>	<b>-</b>	<b>2,144</b>	<b>-</b>	<b>2,144</b>

(₹ in Million)

31 March 2016	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	1,270.5	1,270.5	-	-	-	-
Other Bank Balances	-	-	6,538.5	6,538.5	-	-	-	-
Non-current investments	338.9	-	2,005.0	2,343.9	-	58.4	280.5	338.9
Current investments	2,731.9	-	10.0	2,741.8	12.9	-	2,719.0	2,731.9
Non current loans	-	-	87.2	87.2	-	-	-	-
Current loans	-	-	98.5	98.5	-	-	-	-
Trade receivables	-	-	5,675.1	5,675.1	-	-	-	-
Other Non-current financial assets	-	-	2,613.8	2,613.8	-	-	-	-
Other Current financial assets	-	-	668.5	668.5	-	-	-	-
	<b>3,070.8</b>	<b>-</b>	<b>18,967.1</b>	<b>22,037.9</b>	<b>12.9</b>	<b>58.4</b>	<b>2,999.5</b>	<b>3,070.8</b>
<b>Financial liabilities</b>								
Non current borrowings (Including current maturity of Long term debts)	-	-	1,933.3	1,933.3	-	1,933.3	-	1,933.3
Current borrowings	-	-	4,641.7	4,641.7	-	-	-	-
Trade payables	-	-	5,804.8	5,804.8	-	-	-	-
Other Current financial liabilities	-	-	2,427.9	2,427.9	-	-	-	-
	<b>-</b>	<b>-</b>	<b>14,807.6</b>	<b>14,807.6</b>	<b>-</b>	<b>1,933</b>	<b>-</b>	<b>1,933</b>

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(₹ in Million)

1 April 2015	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	1,237.5	1,237.5	-	-	-	-
Other Bank Balances	-	-	6,670.2	6,670.2	-	-	-	-
Non-current investments	232.9	-	1,796.0	2,028.9	-	34.7	198.2	232.9
Current investments	93.2	-	562.5	655.7	93.2	-	-	93.2
Non current loans	-	-	93.7	93.7	-	-	-	-
Current loans	-	-	73.1	73.1	-	-	-	-
Trade receivables	-	-	5,350.3	5,350.3	-	-	-	-
Other Non-current financial assets	-	-	5,123.3	5,123.3	-	-	-	-
Other Current financial assets	-	-	357.1	357.1	-	-	-	-
	<b>326.1</b>	<b>-</b>	<b>21,263.6</b>	<b>21,589.7</b>	<b>93.2</b>	<b>34.7</b>	<b>198.2</b>	<b>326.1</b>
<b>Financial liabilities</b>								
Non current borrowings (Including current maturity of Long term debts)	-	-	1,669.6	1,669.6	-	1,669.6	-	1,669.6
Current borrowings	-	-	11,439.3	11,439.3	-	-	-	-
Trade payables	-	-	4,662.9	4,662.9	-	-	-	-
Other Current financial liabilities	-	-	1,491.3	1,491.3	-	-	-	-
	<b>-</b>	<b>-</b>	<b>19,263.1</b>	<b>19,263.1</b>	<b>-</b>	<b>1,669.6</b>	<b>-</b>	<b>1,669.6</b>

## B. Measurement of fair values

The Management assessed that cash and bank balances, trade receivables, trade payables, cash credit and other financial assets and liabilities approximate their carrying amounts largely due to short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair value

- The fair value of the quoted investments/units of mutual fund scheme are based on market price/net asset value at the reporting date.
- The fair value of the remaining financial instrument is determined using discounted cash flow method. The discount rates used is based on management estimates.

The significant unobservable inputs used to determine the fair value of investment in fund together with the quantitative sensitivity analysis as at 31 March 2017; 31 March 2016 and 1 April 2015 are as shown below:

Type	Level	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment in Avenue Venture Real Estate Fund	Level 3	Income approach (Discounted cash flow method): The valuation model is based on expected EBITDA of the investee.	Revenue, Cost of construction, absorption timelines	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> <li>the sale price were higher (lower);</li> <li>the cost of construction were lower (higher); or</li> <li>the absorption timelines will decrease (increase).</li> </ul>

There have been no transfers between Level 1 and Level 2 during the period

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## Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values of Investment in avenue venture real estate fund.

Particulars	(₹ in million)
Opening Balance (9 March 2016)	1,981.9
Net change in fair value (unrealised)	737.1
Closing Balance (31 March 2016)	2,719.0
Opening Balance(1 April 2016)	2,719.0
Net change in fair value (unrealised)	37.0
Closing Balance (31 March 2017)	2,756.0

## Transfer out of Level 3

There has been no transfer out of Level 3 during the period

## Sensitivity analysis

For the fair values of Avenue venture real estate fund investment possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

Significant unobservable inputs	(₹ in million)			
	31 March 2017		31 March 2016	
	Profit or loss		Profit or loss	
	Increase	Decrease	Increase	Decrease
Sale Price - 5%	107.3	(130.6)	75.5	(90.1)
Cost of Construction - 5%	(85.7)	65.4	(61.8)	45.9
Absorption Timelines - 1 Year	(478.9)	177.3	(416.6)	100.0

The Group has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

### i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain

a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

### ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/investing activities, including investments in debt securities, deposits with banks, equity securities and venture capital and mutual fund investments. The Group has no significant concentration of credit risk with any counterparty.

The carrying amount of following financial assets represents the maximum credit exposure:

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## Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly.

At 31 March 2017, the maximum exposure to credit risk for trade receivables by geographic region was as follows.

	(₹ in Million)		
	Carrying amount		
	31 March 2017	31 March 2016	1 April 2015
India	3,710.5	2,784.7	2,474.2
US	2,461.2	1,875.8	2,106.2
Other regions	964.7	1,014.5	770.0
	<b>7,136.4</b>	<b>5,675.1</b>	<b>5,350.3</b>

At March 31, 2017, the Group had exposure to only one type of counter party. No single customer's balance was more than 10% of the total receivables.

## Impairment

As per simplified approach the Group makes provision of expected credit losses on trade receivable using a provision matrix to mitigate the risk of default payment and make appropriate provision at each reporting date wherever.

At March 31, 2017, the ageing of trade receivables that were not impaired was as follows.

	(₹ in Million)		
	Carrying amount		
	31 March 2017	31 March 2016	1 April 2015
Not past due	5,157.3	2,905.3	3,344.4
Past due 1-180 days	1,812.6	2,382.1	1,594.0
Past due more than 180 days	166.5	387.8	411.9
	<b>7,136.4</b>	<b>5,675.1</b>	<b>5,350.3</b>

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

	(₹ in million)			
	31 March 2017		31 March 2016	
	Individual impairments	Collective impairments	Individual impairments	Collective impairments
Balance as at the beginning of the year	96.2	80.9	45.4	75.4
Impairment loss recognised	39.4	(2.9)	50.8	5.5
Amounts written off	-	-	-	-
Balance as at the end of the year	<b>135.6</b>	<b>78.0</b>	<b>96.2</b>	<b>80.9</b>

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## Investments, Cash and Cash equivalents and Bank Deposits

Credit risk on cash and cash equivalents, deposits with banks is generally low as the said deposits have been made with the banks who have been assigned high credit rating by international and domestic credit rating agencies.

Investments of surplus funds are made only with approved financial institutions. Investments primarily include investments in mutual funds, venture capital funds, quoted bonds and non-convertible debentures. These mutual funds and counterparties have low credit risk.

Total non-current and current investments as on 31 March 2017 is ₹ **5,530.1 million** (31 March 2016: ₹ 5,085.7 million; 1 April 2015 ₹ 2,684.5 million)

### Debt securities:

The Group has an exposure of ₹ **2,310.3 million** as at 31 March 2017 (₹ 2,014.9 million : 31 March 2016; ₹ 2,358.2 million as at 1 April 2015) for debt securities classified as financial asset measured at amortised cost. All the debt securities have been issued by companies registered in India in Indian Rupees.

There has been no allowance for impairment in respect of such debt securities - financial asset measured at amortised cost till 31 March 2017.

### Credit Rating of debt securities is given below:

Credit Rating	(₹ in Million)		
	31 March 2017	31 March 2016	1 April 2015
A +	20.0	20.0	20.0
AA	205.1	206.2	207.9
AA -	150.0	150.0	200.0
AA +	20.7	21.0	21.4
AAA	1,896.4	1,597.9	1,889.0
Not Rated	18.1	19.8	19.9
<b>Total</b>	<b>2,310.3</b>	<b>2,014.9</b>	<b>2,358.2</b>

The Group did not have any debt securities that were past due but not impaired at 31 March 2017, 31 March 2016 and 1 April 2015. The Group has no collateral in respect of these investments.

### iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The majority of the Group's trade receivables are due for maturity within 21 days from the date of billing to the customer. Further, the general credit terms for trade payables are approximately 45 days. The difference between the above mentioned credit period provides sufficient headroom to meet the short-term working capital needs for day-to-day operations of the Group. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, are retained as Cash and Investment in short term deposits with banks. The said investments are made in instruments with appropriate maturities and sufficient liquidity.

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## Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

March 31, 2017	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
(₹ in million)							
<b>Non-derivative financial liabilities</b>							
Long Term Borrowings	2,088.5	2,460.7	3.3	64.2	1,076.5	1,100.8	216.0
Working Capital Loan from Bank	4,450.8	4,450.8	4,450.8	-	-	-	-
Trade Payable	7,413.7	7,413.7	7,254.8	158.9	-	-	-
Current Maturity of Long Term Borrowings	55.3	55.3	-	55.3	-	-	-
Other Current Financial Liability	2,604.6	2,604.6	2,604.6	-	-	-	-
	<b>16,612.9</b>	<b>16,985.1</b>	<b>14,313.4</b>	<b>278.5</b>	<b>1,076.5</b>	<b>1,100.8</b>	<b>216.0</b>

March 31, 2016	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
(₹ in million)							
<b>Non-derivative financial liabilities</b>							
Long Term Borrowings	1,234.6	1,240.7	1.7	4.3	191.3	1,049.3	-
Working Capital Loan from Bank	4,641.7	4,641.7	4,641.7	-	-	-	-
Trade Payable	5,804.8	5,804.8	5,287.4	517.4	-	-	-
Current Maturity of Long Term Borrowings	698.7	698.7	-	698.7	-	-	-
Other Current Financial Liability	2,427.9	2,427.9	2,427.9	-	-	-	-
	<b>14,807.6</b>	<b>14,813.7</b>	<b>12,358.8</b>	<b>1,220.4</b>	<b>191.3</b>	<b>1,049.3</b>	<b>-</b>
<b>Derivative financial liabilities</b>							
Interest rate swap							
- Outflow	-	(6.1)	(1.7)	(4.3)	-	-	-
- Inflow	-	4.3	1.2	3.1	-	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

1 April 2015	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
(₹ in million)							
<b>Non-derivative financial liabilities</b>							
Long Term Borrowings	393.2	414.5	3.3	12.3	398.9	-	-
Working Capital Loan from Bank	11,439.3	11,439.3	11,439.3	-	-	-	-
Trade Payable	4,662.9	4,662.9	4,145.6	517.4	-	-	-
Current Maturity of Long Term Borrowings	1,276.4	1,276.4	-	1,276.4	-	-	-
Other Current Financial Liability	1,491.3	1,491.3	-	1,491.3	-	-	-
	<b>19,263.1</b>	<b>19,284.4</b>	<b>15,588.2</b>	<b>3,297.4</b>	<b>398.9</b>	<b>-</b>	<b>-</b>
<b>Derivative financial liabilities</b>							
Interest rate swap							
- Outflow	-	(21.3)	(3.3)	(12.3)	(5.7)	-	-
- Inflow	-	15.1	2.3	8.7	4.1	-	-

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The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement

#### iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

#### Currency risk

The Group is exposed to currency risk on account of its borrowings, other payables, receivables and loans and advances in foreign currency. The Group has exposure to USD, EURO, GBP ,CHF. The Group has formulated hedging policy for monitoring its foreign currency exposure.

#### Exposure to currency risk

The currency profile of financial assets and financial liabilities as at March 31, 2017, March 31, 2016 and 1 April 2015 in there respective currencies are as below:

	31 March 2017				
	EURO	GBP	USD	JPY	CHF
<b>Financial assets</b>					
Non-Current Loans	94,125	943	3,035,703	-	815,948
Trade and other receivables	1,216,245	12,456	7,944,934	-	-
	<b>1,310,370</b>	<b>13,398</b>	<b>10,980,637</b>	-	<b>815,948</b>
<b>Financial liabilities</b>					
Short term borrowings	-	-	39,000,000	-	-
Trade and other payables	-	77,441	10,047,522	-	-
Other Current financial liabilities	113,621	-	869,606	-	-
	<b>113,621</b>	<b>77,441</b>	<b>49,917,128</b>	-	-
<b>Net foreign currency exposure as at 31 March 2017</b>	<b>1,196,749</b>	<b>(64,043)</b>	<b>(38,936,491)</b>	-	<b>815,948</b>

	31 March 2016				
	EURO	GBP	USD	JPY	CHF
<b>Financial assets</b>					
Non-Current Loans	198,884	-	2,824,353	7,999,983	205,125
Trade and other receivables	1,414,013	3,361	3,525,252	-	-
	<b>1,612,897</b>	<b>3,361</b>	<b>6,349,605</b>	<b>7,999,983</b>	<b>205,125</b>
<b>Financial liabilities</b>					
Short term borrowings	-	-	32,500,000	-	-
Trade and other payables	42,925	151,432	7,030,357	152,855	306
Other Current financial liabilities	-	-	4,500,000	-	-
	<b>42,925</b>	<b>151,432</b>	<b>44,030,357</b>	<b>152,855</b>	<b>306</b>
<b>Net foreign currency exposure as at 31 March 2016</b>	<b>1,569,972</b>	<b>(148,071)</b>	<b>(37,680,751)</b>	<b>7,847,128</b>	<b>204,819</b>

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	1 April 2015				
	EURO	GBP	USD	JPY	CHF
<b>Financial assets</b>					
Trade and other receivables	422,911	183,810	7,576,695	-	-
	<b>422,911</b>	<b>183,810</b>	<b>7,576,695</b>	-	-
<b>Financial liabilities</b>					
Long term borrowings	-	-	22,000,000	-	-
Short term borrowings	-	-	5,000,000	-	-
Trade and other payables	1,053,039	3,803	2,989,218	-	-
Other Current financial liabilities	-	-	4,500,000	-	-
	1,053,039	3,803	34,489,218	-	-
<b>Net foreign currency exposure as at 1 April 2015</b>	<b>(630,128)</b>	<b>180,007</b>	<b>(26,912,523)</b>	-	-

For the purpose of financial statement reporting, the currency exposure are measured at the following year-end exchange rates.

INR	Year-end spot rate		
	31 March 2017	31 March 2016	1 April 2015
EURO	69.29	75.40	67.19
GBP	80.90	95.47	92.47
USD	64.85	66.26	62.50
JPY	NA	0.59	NA
CHF	64.83	68.98	NA

## Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against various foreign currencies at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect ₹ In Million	₹ in Million	
	Profit or (loss) before tax	
	Strengthening	Weakening
<b>March 31, 2017</b>		
<b>10% movement</b>		
EURO	8.3	(8.3)
GBP	(0.5)	0.5
USD	(252.5)	252.5
AUD	-	-
JPY	-	-
CHF	5.3	(5.3)
	<b>(239.4)</b>	<b>239.4</b>

Effect ₹ In Million	₹ in Million	
	Profit or (loss) before tax	
	Strengthening	Weakening
<b>March 31, 2016</b>		
<b>10% movement</b>		
EURO	11.8	(11.8)
GBP	(1.4)	1.4
USD	(249.7)	249.7
AUD	-	-
JPY	0.5	(0.5)
CHF	1.4	(1.4)
	<b>(237.4)</b>	<b>237.4</b>

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## Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments, borrowings and loans because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments, borrowings and loans will fluctuate because of fluctuations in the interest rates.

## Exposure to interest rate risk

Group's interest rate risk arises from borrowings and fixed income securities. Fixed income securities exposes the Group to fair value interest rate risk. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	(₹ in Million)		
	31 March 2017	31 March 2016	1 April 2015
<b>Fixed-rate instruments</b>			
Financial assets	12,963.7	14,742.7	14,788.9
Financial liabilities	2,480.5	3,192.5	12,015.3
	<b>10,483.2</b>	<b>11,550.2</b>	<b>2,773.6</b>
<b>Variable-rate instruments</b>			
Financial liabilities	4,114.0	3,382.5	1,093.6
	<b>4,114.0</b>	<b>3,382.5</b>	<b>1,093.6</b>
<b>Total</b>	<b>6,369.2</b>	<b>8,167.7</b>	<b>1,680.0</b>

## Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would not have any material impact on the equity

## Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates would not have any material impact on the equity.

## 3.41 Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group monitors capital using a ratio of 'net debt' to 'total equity'. For this purpose, net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents.

The Group's net debt to equity ratio was as follows.

	(₹ in Million)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Total Borrowings (Including current portion of Long term debts)	6,594.6	6,575.0	13,108.9
Less : Cash and cash equivalent	1,666.3	1,270.5	1,237.5
<b>Net debt</b>	<b>4,928.3</b>	<b>5,304.5</b>	<b>11,871.4</b>
Total equity	<b>45,828.7</b>	<b>37,869.8</b>	<b>32,033.9</b>
Net debt to equity ratio	0.1	0.1	0.4

## 3.42 First- time adoption of Ind AS

### I. First-time adoption of Ind AS

The consolidated financial statements for the year ended March 31, 2017 have been prepared in accordance with Ind AS as issued and effective as at March 31, 2017. The Group's opening Ind AS balance sheet was prepared as at 1 April 2015, the Group's date of transition to Ind AS. In preparing the opening balance sheet, the Group has applied the mandatory exceptions

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and certain optional exemptions from full retrospective application of Ind AS in accordance with the guidance in Ind AS 101 'First Time Adoption of Indian Accounting Standards'.

This note explains the principal adjustments made by the Group in restating its Previous GAAP financial statements to Ind AS, in the opening balance sheet as at 1 April 2015 and in the financial statements as at and for the year ended 31 March 2016.

## II. Optional exemptions from retrospective application

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

### a) Business combinations

The Group has decided to take the exemption available for application of Ind AS 103, Business Combinations, to all business combinations that occurred prior to the date of transition to Ind AS i.e. before 1 April 2015. No additional assets or liabilities, which were not recognised under Previous GAAP, are required to be now recognised on availing this exemption. Further, there are no intangible assets acquired in any prior business combination which are required to be derecognized or intangible assets which were acquired but not recognised when applying Ind AS 38 as at the transition date to Ind AS.

Ind AS 101 also requires that Indian GAAP carrying amount of goodwill must be used in the opening Ind AS balance sheet (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with Ind AS 101, the Group has tested goodwill for impairment at the date of transition to Ind AS. No goodwill impairment was deemed necessary at 1 April 2015.

### b) Deemed cost for Property, Plant and Equipment (PPE), Intangible assets and investment property

The Group has elected to measure all the items of PPE and intangible assets at its previous GAAP carrying values which shall be the deemed cost as at the date of transition. As per FAQs issued by Accounting Standards Board (ASB) by Ind AS Transition Facilitation Group of Ind AS (IFRS) Implementation Committee of ICAI, deemed cost, is the amount used as a surrogate for the cost or depreciated cost and for the purpose of subsequent depreciation or amortisation, deemed cost becomes the cost as the starting point. Information regarding gross block of assets, accumulated depreciation and provision for impairment under Previous GAAP has been disclosed by way of a note forming part of the financial statements.

### c) Cumulative translation difference for foreign operations

The Group has elected to use exemption from recognising and accumulating cumulative translation differences of its foreign operations in a separate component of equity on the date of transition. Hence, the cumulative translation differences for all the foreign operations are deemed to be zero at the date of the transition to Ind AS.

The remaining voluntary exemptions as per Ind AS 101 - First time adoption either do not apply or are not relevant to the Group

## III. Mandatory exemptions from retrospective application

The Group has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101:

### i. Estimates

On assessment of the estimates made under the Previous GAAP financial statements, the Group has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Group for the relevant reporting dates reflecting conditions existing as at that date.

### ii. Classification and measurement of financial assets

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

## IV. Transition to Ind AS - Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

- i. Reconciliation of equity as at 1 April 2015
- ii. Reconciliation of equity as at 31 March 2016
- iii. Reconciliation of Statement of Profit and Loss for the year ended 31 March 2016
- iv. Adjustments to Statement of Cash Flows for the year ended 31 March 2016

Previous GAAP figures have been reclassified/regrouped wherever necessary to conform with financial statements prepared under Ind AS.

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## IV. Reconciliations under Ind AS 101

### (i) Reconciliation of Equity as at 1 April 2015

Particulars	Note Ref.	(₹ in million)		
		Previous GAAP	Adjustments	IND AS
		As at 1 April 2015	As at 1 April 2015	As at 1 April 2015
<b>ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a) Property, Plant and Equipment	(h)	9,726.5	(1.4)	9,725.1
(b) Capital work-in-progress		1,117.4	-	1,117.4
(c) Goodwill on consolidation		3,421.0	-	3,421.0
(d) Other Intangible assets	(a)	595.9	15.6	611.5
(e) Investment in joint venture		-	2,286.9	2,286.9
(f) Financial Assets				
(i) Investments	(b),(c)	4,197.3	(2,168.4)	2,028.9
(ii) Loans	(c),(e)	78.9	14.8	93.7
(iii) Other financial assets		5,123.3	-	5,123.3
(g) Deferred tax assets (net)	(f)	3,624.4	1,078.0	4,702.4
(h) Other Tax assets		545.8	-	545.8
(i) Other non current assets	(c),(g)	261.2	-	261.2
<b>(2) Current Assets</b>				
(a) Inventories	(h)	7,840.8	(7.2)	7,833.6
(b) Financial Assets				
(i) Investments	(c),(i)	610.5	45.1	655.7
(ii) Trade receivables	(e),(j)	5,371.7	(21.4)	5,350.3
(iii) Cash and cash equivalents		1,237.2	0.3	1,237.5
(iv) Bank balance other than above		6,670.1	0.1	6,670.2
(v) Loans		87.4	(14.3)	73.1
(iv) Other financial assets	(c),(g)	338.7	18.4	357.1
(c) Assets for Current tax (Net)		1.2	-	1.2
(d) Other current assets	(g)	1,293.6	-	1,293.6
<b>Total assets</b>		<b>52,142.8</b>	<b>1,246.6</b>	<b>53,389.4</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital		239.1	-	239.1
(b) Other Equity		29,751.4	1,196.2	30,947.6
Non-controlling interest		856.5	(9.3)	847.2
<b>LIABILITIES</b>				
<b>(1) Non-current Liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	(k)	395.5	(2.3)	393.2
(b) Provisions	(m)	665.6	51.5	717.1
(c) Deferred tax liabilities (net)	(n)	43.5	0.9	44.4
(d) Other non-current liabilities		31.0	-	31.0
<b>(2) Current Liabilities</b>				
(a) Financial liabilities				
(i) Borrowings		11,439.3	-	11,439.3
(ii) Trade payables		4,662.9	-	4,662.9
(iii) Other financial liabilities	(g)	2,769.5	(1.8)	2,767.7
(b) Other current liabilities	(l)	339.3	11.4	350.7
(c) Provisions		855.5	-	855.5
(d) Current tax liabilities (net)		93.7	-	93.7
<b>Total equity and liabilities</b>		<b>52,142.8</b>	<b>1,246.6</b>	<b>53,389.4</b>

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## Notes to reconciliation as at 1 April 2015 between previous GAAP to Ind AS:

(a) **Amortisation of Intangible asset over its estimated useful life**  
Under the previous GAAP, the Group had amortised the cost incurred for technology collaboration, based on a useful life of ten years, in spite of a higher estimated useful life. However under Ind AS, there is no restriction that the useful life should not exceed ten years. The Group has restated amortisation of technology collaboration since initial recognition, based on its original useful life, resulting in an increase in intangible assets and retained earnings by ₹ **15.6 million** under Ind AS.

(b) **Fair valuation of investment in venture capital funds and amortisation of investment in fixed income corporate bonds under effective interest rate method:**

The Group has invested ₹ **169.4 million** in venture capital funds. It has designated such investments as financial assets measured at fair value through profit and loss on the date of transition. The fair value of the investments is ₹ **226.4 million** on the date of transition and an unrealised gain of ₹ **57.0 million** has been recognised in retained earnings.

The Group has invested in certain fixed income corporate bonds at a premium to the face value of the bonds with the sole intention to collect payments of principal and interest till maturity. Accordingly, the investments has been classified as financial assets measured at amortised cost. The premium over the face value of the bonds has been amortised under effective interest rate (EIR) method with a negative impact of ₹ **4.2 million** on the equity on the date of transition.

(c) **Consolidation of previously unconsolidated subsidiary**  
Under Ind AS, Avenue Venture Capital Fund was a subsidiary of the Group as at 1 April 2015. The Group had joint control over certain special purpose entities through Avenue Venture Capital Fund. Equity accounting of these jointly controlled entities, has resulted in an increase in non-current investment and retained earnings by ₹ **65.7 million**.

In addition, the consolidation of Avenue Venture Capital Fund has resulted in an increase or decrease in the

following balance sheet items:

Assets	Increase / (Decrease)
Non-current investments	65.7
Non-current Financial Assets - Loans	14.8
Cash and Cash Equivalents	0.3
Current investments	24.9
Other current financial assets	18.4
	<b>124.1</b>

Equity and liabilities	Increase / (Decrease)
Equity	122.6
Other Financial Liabilities	0.5
Other Current Liabilities	0.1
Deferred tax liabilities	0.9
	<b>124.1</b>

(e) **Fair valuation of loans to entities other than subsidiaries:**

The Group has provided an interest free loan to an entity which is not its subsidiary. It has fair valued this loan on initial recognition and subsequently accounted these at amortised cost using effective interest rate method. As a result the amount has been reduced from ₹ **59.3 million** to ₹ **45.2 million**.

(f) **Deferred tax on Ind AS adjustments:**

The Group has recognised a deferred tax asset of ₹ **1,078 million** on 1 April 2015 on account of temporary difference arising on transition to Ind AS.

(g) **Amortisation of loan processing fees under effective interest rate method:**

Transaction cost incurred on external commercial borrowings have been reduced from the borrowings on the date of initial recognition and amortised using effective interest rate method. Accordingly, Non-current borrowings are reduced by ₹ **2.3 million** and current maturity of Non-current borrowings by ₹ **2.3 million** with a corresponding gain recognised in Retained earnings.

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(h) **Change in consolidation principles:**

Pursuant to the change in consolidation principles from previous GAAP to Ind AS, the foreign exchange translation of certain subsidiaries which were being recorded in statement of profit and loss and now being recorded in OCI resulted in decrease of ₹ **7.2 million** and ₹ **1.4 million** in inventories and property, plant and equipment respectively, with a corresponding amount of decrease in equity

(i) **Fair valuation of investment in quoted equity shares:**

The Group has investment in quoted equity shares of other companies. These investments have been fair valued on the date of transition with a corresponding unrealised gain of ₹ **20.2 million**, being recognised in retained earnings.

(j) **Expected credit loss on domestic trade receivables:**

The Group has followed a simplified approach using a provision matrix for recognising expected credit loss on its domestic trade receivables. It has recognised a provision of ₹ 21.4 million with a corresponding loss being recognised in retained earnings.

(k) **Amortisation of loan processing fees under effective interest rate method:**

The Group has incurred transaction costs on its external commercial borrowing. The same has been reduced from the borrowing on the date of initial recognition and amortised using effective interest rate method. As a result the long term borrowing has been reduced by ₹ **2.3 million** and current maturity of long term borrowings by ₹ **2.3 million** with a corresponding gain being recognised in retained earnings.

(l) **Deferral of income related to dossier licensing arrangement**

An amount of ₹ **11.3 million** in respect of consideration received for dossier licensing arrangement is not considered as a separate obligation and shall be recognised when the corresponding goods under the agreement are sold. There were no sales till the date of transition and the entire amount has been deferred with a corresponding negative impact recognised in Retained earnings.

(m) **Restatement of provision for compensated absences**

An amount of ₹ **51.5 million** pertaining to the period prior to 1 April 2015 was recognised during the financial year ended 31 March 2016. The same has been restated on the date of transition with a corresponding loss recognised in equity on the date of transition.

(n) **Recognition of deferred tax asset on internally generated goodwill**

Under the previous GAAP, the Group did not recognise the internally generated goodwill acquired in the acquisition of The Pharmanetwork, LLC. in the consolidated financial statements. However, the deferred tax liability on the said goodwill was aggregated in the consolidated financial statements in accordance with the previous GAAP with no adjustments. However, under Ind AS, deferred tax shall be recognised only on the temporary differences, resulting in the reversal of deferred tax liability of ₹ **197.9 million** and creation of deferred tax asset of ₹ **777.3 million** on the said goodwill with a corresponding gain recognised in retained earnings.

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## (ii) Reconciliation of Equity as at 31 March 2016

Particulars	Note Ref.	₹ in million		
		Previous GAAP	Adjustments	IND AS
		As at 31 March 2016	As at 31 March 2016	As at 31 March 2016
<b>ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a) Property, Plant and Equipment	(i)	10,319.5	(9.2)	10,310.3
(b) Capital work-in-progress		1,724.2	-	1,724.2
(c) Goodwill		3,530.6	-	3,530.6
(d) Other Intangible assets	(a),(b)	565.8	88.7	654.5
<b>(e) Financial Assets</b>				
(i) Investments	(c),	2,263.4	80.5	2,343.9
(ii) Loans	(f)	87.2	(0.0)	87.2
(iii) Other financial assets		2,613.8	(0.0)	2,613.8
(f) Deferred tax assets (net)	(g)	4,164.7	997.6	5,162.3
(g) Other tax assets		420.3	-	420.3
(h) Other non current assets	(h)	812.5	-	812.5
<b>(2) Current Assets</b>				
(a) Inventories	(i)	9,095.3	(1.6)	9,093.7
<b>(b) Financial Assets</b>				
(i) Current Investments	(e)	1,956.7	785.1	2,741.8
(ii) Trade receivables	(k)	5,705.1	(30.0)	5,675.1
(iii) Cash and cash equivalents		1,270.5	(0.0)	1,270.5
(iv) Bank balance other than above		6,538.5	-	6,538.5
(v) Loans		98.5	-	98.5
(vi) Other financial assets	(h)	679.7	(11.2)	668.5
(c) Assets for current tax (net)		1.2	-	1.2
(d) Other current assets	(h)	1,599.2	(0.0)	1,599.2
<b>Total assets</b>		<b>53,446.7</b>	<b>1,899.9</b>	<b>55,346.6</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital		239.1	-	239.1
(b) Other Equity		34,787.4	1,893.1	36,680.5
<b>Non-controlling interest</b>				
		965.4	(15.2)	950.2
<b>LIABILITIES</b>				
<b>(1) Non-current Liabilities</b>				
<b>(a) Financial liabilities</b>				
(i) Borrowings		1,234.6	(0.0)	1,234.6
(b) Provisions		829.6	-	829.6
(c) Deferred tax liabilities (net)	(n)	10.1	0.0	10.1
(d) Other non-current liabilities		26.5	-	26.5
<b>(2) Current Liabilities</b>				
<b>(a) Financial liabilities</b>				
(i) Borrowings		4,641.7	-	4,641.7
(ii) Trade payables		5,804.8	(0.0)	5,804.8
(iii) Other financial liabilities	(l)	3,128.3	(1.7)	3,126.6
(b) Other current liabilities	(m)	509.8	23.7	533.5
(c) Provisions		1,046.9	0.0	1,046.9
(d) Current tax liabilities (net)		222.5	-	222.5
<b>Total equity and liabilities</b>		<b>53,446.7</b>	<b>1,899.9</b>	<b>55,346.6</b>

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to the Consolidated Financial Statements

## Notes to reconciliation as at 31 March 2016 between previous GAAP to Ind AS:

### (a) Reversal of amortisation of Goodwill on business combination:

The Group used to amortise the Goodwill on acquisition of Norac Pharma, Long Pharma and MSC LLC in accordance with the previous GAAP. However, under Ind AS, Goodwill on business combination are not amortised but tested annually for impairment. Hence, the amortisation of such Goodwill under the previous GAAP for the year ended 31 March 2016 has been reversed under Ind AS, resulting in an increase in intangible assets and retained earnings by ₹ **66.0 million**.

### (b) Amortisation of Intangible asset over its estimated useful life:

Under the previous GAAP, the Group had amortised the cost incurred for technology collaboration, based on a useful life of ten years, in spite of a higher estimated useful life. Under Ind AS, there is no restriction that the useful life should not exceed ten years. The Group has restated amortisation of technology collaboration since initial recognition, based on its original useful life, resulting in an increase in intangible assets and retained earnings by ₹ **22.7 million** under Ind AS.

### (c) Fair valuation of investment in venture capital funds and amortisation of investment in fixed income corporate bonds under effective interest rate method:

The Group has invested ₹ **252.1 million** in venture capital funds as at 31 March 2016. The fair value of the investment was ₹ **332.3 million** on that date. Cumulatively the amount of investment has increased by ₹ **80.2 million** under Ind AS from that under previous GAAP, as at 31 March 2016.

The Group has invested in certain fixed income corporate bonds at a premium to the face value of the bonds with the sole intention to collect payments of principal and interest till maturity. Hence the investments has been classified as financial assets measured at amortised cost. The premium over the face value of the bonds has been amortised under effective interest rate (EIR) method. Also the Group has reversed the premium that it had written off against such investments during the year ended 31 March 2016. As a result, there is a net increase of ₹ **0.2 million** in non-current investments.

### (e) Loss of control of previously unconsolidated subsidiary

Under Ind AS, Avenue Venture Capital Fund was a subsidiary of the Group till 9 March 2016. The Group lost control over the subsidiary on 9 March 2016 and measured the retained investment in the entity at fair value, resulting in an increase of current investments by ₹ **785.0 Million** and retained earnings by ₹ **665.5 million**.

### (f) Fair valuation of loans to entities other than subsidiaries:

The Group has provided an interest free loan to an entity which is not its subsidiary. It has fair valued this loan on initial recognition and subsequently accounted these at amortised cost using effective interest rate method. As a result the amount has been reduced from ₹ **52.3 million** to ₹ **41.4 million**.

### (g) Deferred tax on Ind AS adjustments:

The Group has recognised a deferred tax asset of ₹ **997.6 million** on 31 March 2016 on account of temporary difference arising on transition to Ind AS.

### (h) Fair valuation of security deposits for rented premises

The Group has given interest free security deposits for rented premises. The interest free security deposits have been fair valued on the date of initial recognition and the difference between the transaction amount and the fair value has been recognised as prepaid rent. The security deposits have been subsequently amortised under effective interest rate method and the prepaid rent on a straight line basis over the term of the lease. This has resulted in recognising prepaid rent of ₹ **2.2 million** in other non-current assets and ₹ **1.1 million** in other current assets. Also, security deposits have been reduced by ₹ **3.5 million** as at 31 March 2016 from other current financial assets with a cumulative impact of ₹ **0.2 million** in statement of profit and loss.

### (i) Change in consolidation principles:

Pursuant to the change in consolidation principles from previous GAAP to Ind AS, the foreign exchange translation of certain subsidiaries which were being recorded in statement of profit and loss and now being recorded in OCI resulted in decrease of ₹ **1.6 million** and ₹ **9.2 million** in inventories and property, plant and equipment, respectively, with a corresponding amount of decrease in equity.

### (k) Expected credit loss on domestic trade receivables:

The Group has followed a simplified approach using a provision matrix for recognising expected credit loss on its domestic trade receivables. It has recognised a provision of ₹ **30.0 million** with a corresponding loss being recognised in retained earnings.

### (l) Amortisation of loan processing fees under effective interest rate method:

The Group has incurred transaction costs on its external commercial borrowing. The same has been reduced from the borrowing on the date of initial recognition and amortised using effective interest rate method. As a result the current maturity of long term borrowings has been reduced by ₹ **1.7 million** with a corresponding gain being recognised in retained earnings.

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(m) **Deferral of income related to dossier licensing arrangement**

An amount of ₹ **23.7 million** pertains to amount received in consideration for dossier licensing arrangement. The same is not considered as a separate obligation and shall be recognised when goods are sold. There were no sales till the date of transition and the entire amount has been deferred with a corresponding loss being recognised in retained earnings.

(iii) **Reconciliation of Statement of profit and loss for the year ended 31 March 2016**

		(₹ in million)		
Particulars	Notes	Previous GAAP	Adjustments	IND AS
I	Revenue from Operations	49,915.4	563.9	50,479.3
II	Other Income	1,645.1	752.0	2,397.1
<b>III</b>	<b>Total Income (I+II)</b>	<b>51,560.5</b>	<b>1,315.9</b>	<b>52,876.4</b>
<b>IV</b>	<b>EXPENSES</b>			
	Cost of materials consumed	11,744.5	(11.2)	11,733.3
	Purchase of stock in trade	8,949.9	-	8,949.9
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,044.4)	-	(1,044.4)
	Employee Benefits Expenses	8,704.4	(93.6)	8,610.8
	Finance costs	670.6	41.8	712.4
	Depreciation and Amortization Expenses	1,005.8	(72.7)	933.1
	Other expenses	13,078.7	618.5	13,697.2
	<b>Total Expenses (IV)</b>	<b>43,109.5</b>	<b>482.8</b>	<b>43,592.3</b>
<b>V</b>	<b>Profit before tax (III-IV)</b>	<b>8,451.0</b>	<b>482.8</b>	<b>9,284.1</b>
<b>VI</b>	<b>Tax expenses</b>			
	Current tax: Minimum Alternate Tax (MAT) for the year	2,160.3	-	2,160.3
	Deferred tax (including MAT credit entitlement)	(554.3)	155.8	(398.5)
<b>VII</b>	<b>Profit/(Loss) for the year (V-VI)</b>	<b>6,845.0</b>	<b>794.4</b>	<b>7,522.3</b>
	<b>Profit attributable to Non-Controlling Interest</b>	(113.8)	7.4	(106.4)
	<b>Profit attributable to Owners of the Parent</b>	<b>6,731.2</b>	<b>801.8</b>	<b>7,415.9</b>
<b>VIII</b>	<b>Other Comprehensive Income</b>			
A	(i) Items that will not be reclassified to profit or loss			
	Remeasurement of Defined Benefit Obligations	(q)	(3.1)	(3.1)
	Tax effect on remeasurement of Defined Benefit Obligations	(q)	1.3	1.3
B	(i) Items that will be reclassified to profit or loss	(h)	149.6	149.6
	<b>Total Other Comprehensive Income (VIII)</b>	<b>-</b>	<b>147.8</b>	<b>147.8</b>
	<b>Other Comprehensive income attributable to Non-Controlling Interest</b>	<b>-</b>	<b>(1.6)</b>	<b>(1.6)</b>
	<b>Other Comprehensive income attributable to Owners of the Parent</b>	<b>-</b>	<b>146.2</b>	<b>146.2</b>
<b>IX</b>	<b>Total Comprehensive Income for the period (VII+VIII)</b>	<b>6,845.0</b>	<b>825.1</b>	<b>7,670.1</b>
	<b>Total Comprehensive income attributable to Non-Controlling Interest</b>	<b>(113.8)</b>	<b>5.8</b>	<b>(108.0)</b>
	<b>Total Comprehensive income attributable to Owners of the Parent</b>	<b>6,731.2</b>	<b>830.9</b>	<b>7,562.1</b>

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## Notes to reconciliation Statement of profit and loss for the year ended 31 March 2016 between previous GAAP to Ind AS:

- (a) **Reclassification of excise duty and customers' incentives:**  
Excise duty (net of excise benefits) of ₹ **1,163.1 million** has been reclassified from revenue to other expenses. This has resulted in increase of revenue and other expenses by ₹ **1,163.1 million**.

Cash discount and other incentives directly attributable to sales of ₹ **575.6 million** have been reclassified from other expenses to revenue. This has resulted in decrease of revenue and other expenses by ₹ **575.6 million**

- (b) **Reclassification of cash discount from suppliers, deferral of income from dossier license agreement:**

Cash discount received from suppliers of ₹ **11.2 million** has been reclassified from other operating income to cost of raw material consumed. An income of ₹ **12.4 million** from the dossier licence agreement has been deferred and recognised as advance from customers.

- (c) **Reversal on account of restatement of provision of compensated absences and reclassification of period cost from employee benefit expense to finance cost:**

A provision of compensated absences of ₹ **51.5 million** pertained to period before 1 April 2015 and hence has been restated under Ind AS, resulting in reversal of the expense recognised during the year ended 31 March 2016.

The interest cost of ₹ **38.8 million** on long term employee benefits has been reclassified from employee benefit expense to finance costs.

- (d) **Reversal of amortisation of Goodwill:**

The Group has reversed the amortisation of Goodwill on Norac Pharma, Long Pharma and MSC LLC under the previous GAAP for the year ended 31 March 2016, resulting in a decrease in the amortisation expense of intangible assets by ₹ **66.1 million**.

- (e) **Reversal of excess amortisation of cost for Technology Collaboration:**

The Group had amortised the cost incurred for technology collaboration, based on a useful life of ten years, in spite of a higher estimated useful life, under the previous GAAP. Under Ind AS, there is no restriction that the useful life should not exceed ten years. The Group has restated amortisation of technology collaboration since initial recognition, based on its original useful life, resulting in a decrease in amortisation expense for the year ended 31 March 2016 by ₹ **6.6 million** under Ind AS.

- (f) **Amortisation of prepaid rent arising on fair valuation of security deposits on initial recognition**

An amount of ₹ **2.1 million** has been recognised as rent expenses on account of amortisation of prepaid rent arising on fair valuation of security deposit on initial recognition

- (g) **Provision for expected credit loss:**

The Group has recognised additional provision on trade receivable under the expected credit loss method resulting in an increase in other expenses by ₹ **8.6 million**.

- (h) **Change in consolidation principles:**

Pursuant to the change in consolidation principles from previous GAAP to Ind AS, the foreign exchange translation of certain subsidiaries which were being recorded in statement of profit and loss and now being recorded in OCI resulted in decrease in other expenses by ₹ **20.3 million**.

- (i) **Unwinding of interest income on interest free loans to entities other than subsidiaries:**

The Group has provided an interest free loan to an entity which is not its subsidiary. It has fair valued this loan on initial recognition and amortised the same under effective interest rate method. The Group has recognised an interest income ₹ **3.2 million** on unwinding of such loan which was recognised at fair value on initial recognition.

- (j) **Fair valuation of investment in quoted equity shares and venture capital funds**

The Group has recognised mark to market gain on quoted equity shares amounting to ₹ **18.4 million** in retained earnings on transition to Ind AS. Accordingly, the realised gain accounted under previous GAAP on sale of such equity shares in the year ended 31 March 2016 was reversed. An amount of ₹ **23.4 million** has been recognised as gain on change in fair value of investment in venture capital funds other than Avenue venture capital fund during the financial year ended 31 March 2016.

- (k) **Reversal of amortisation of premium on Bonds and unwinding of interest income on discounted interest free premise deposits**

The other income has been increased due to reversal of amortisation of premium on bonds amounting to ₹ **4.4 million** and unwinding of interest income on discounted interest free premise deposits amounting to ₹ **1.9 million**.

- (l) **Amortisation of loan processing fees under effective interest rate method:**

The Group has incurred transaction costs on its external

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commercial borrowing. The same has been reduced from the borrowing on the date of initial recognition and amortised using effective interest rate method. As a result an amount of ₹ **3.0 million** has been recognised as finance cost on account of amortisation under the effective interest rate method

(m) **Deferred tax**

The Group has recognised a deferred tax credit of ₹ **155.8 million** on the temporary differences arising on account of the above Ind AS adjustments.

(n) **Consolidation of previously unconsolidated subsidiary**

Under Ind AS, Avenue Venture Capital Fund was a subsidiary of the Group till 9 March 2016. The Group had joint control over certain special purpose entities through Avenue Venture Capital Fund. The share of profit of associates and joint ventures of ₹ **32.7 million** is on account of equity accounting of these jointly controlled entities. The other income of ₹ **102.0 million** from Avenue Venture Capital Fund has been eliminated against this share of profits of associates and joint ventures.

In addition, the consolidation of Avenue Venture Capital Fund has resulted in an increase or decrease in the following profit and loss items:

Profit and loss items	Increase / (Decrease)
Other income	32.7
Deferred tax	0.9

(o) **Gain on loss of control of Avenue Venture Capital Fund**

The Group lost control of Avenue Venture Capital Fund on 9 March 2016 and derecognised the assets and liabilities of the subsidiary. The investment was recognised at fair value, resulting in a gain of ₹ **731.7 million**.

(p) **Foreign Exchange Gain on recognition of deferred tax assets on internally generated Goodwill**

On transition date the Group has recognised deferred tax asset based on virtual certainty on internally generated Goodwill acquired in the acquisition of ThePharmaNetwork LLC, USA consequently foreign exchange gain on revaluation of deferred tax asset amounting to ₹ **75.0 Million** has been recognised in statement of profit and loss.

(q) **Reclassification of remeasurement of net defined benefit liability to other comprehensive income**

The Group has reclassified remeasurement of net defined benefit liability of ₹ **3.1 million** to other comprehensive income. The Group has also reclassified the deferred tax of ₹ **1.3 million** thereon to other comprehensive income.

(iv) **Adjustments to Statement of Cash Flows for the year ended 31 March 2016**

There are no material differences between the Statement of Cash Flows presented under Ind AS and previous GAAP

**3.43** The gross amount required to be spent on Corporate Social Responsibility ("CSR") by the Group during the year is ₹ 112.9 Million (Previous year : ₹ 97.7 million) The Group has spent ₹ 68.3 million (Previous Year : 43.1 million) towards CSR as per the approved CSR policy of the Company on healthcare, women empowerment, education, sanitation, conservation of environment, rural development.

Amount spent during the year on:

	(₹ in Million)		
	In Cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	68.3	-	68.3
	(43.1)	-	(43.1)

Figures in the brackets are the corresponding figures of the previous year.

**3.44** During the previous year ended 31 March 2016, the Company has sold brands and trademarks relating to its In Vitro Fertilisation (IVF) formulations to Ordain Health Care Global Private Limited for a total consideration of ₹ 205.0 million.

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### 3.45 Additional information as required under para 2 of General Instruction for the preparation of Consolidated Financial Statements of Schedule III to the Companies Act, 2013.

(₹ in million)

Name of the enterprises	2016-17				2015-16			
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Net assets i.e. total assets minus total liabilities		Share in profit or loss	
	As (%) of consolidated net assets	Amount	As (%) of consolidated profit or loss	Amount	As (%) of consolidated net assets	Amount	As (%) of consolidated profit or loss	Amount
<b>Parent Company</b>								
Alkem Laboratories Limited	96%	43,926.6	99%	8,831.6	79%	35,995.1	15%	7,001.9
<b>Subsidiaries</b>								
<b>Indian</b>								
Enzene Biosciences Limited	2%	846.5	-4%	(346.0)	0%	156.2	-1%	(291.7)
Cachet Pharmaceuticals Private Limited	1%	545.1	0%	(41.2)	1%	339.2	0%	39.2
Indchemie Health Specialities Private Limited	4%	1,893.1	3%	245.0	4%	1,646.8	0%	186.5
<b>Foreign</b>								
Alkem Laboratories ( Nigeria) Limited	0%	(143.7)	-1%	(73.1)	0%	(129.7)	0%	(35.0)
Alkem Laboratories Pty Ltd	0%	73.8	0%	12.1	0%	(8.2)	0%	(4.6)
Alkem Pharma GmbH	0%	(1.8)	0%	(0.5)	0%	(1.4)	0%	(0.5)
Alkem Laboratories Corporation	0%	(139.7)	-2%	(162.7)	0%	(56.6)	0%	(101.6)
S & B Holdings B.V	5%	2,191.6	-5%	(472.3)	6%	2,663.9	-1%	(395.3)
Pharmacor Ltd ( Australia)	0%	72.7	0%	30.5	0%	43.6	0%	98.7
The Pharmanetwork LLC & Subsidiaries	8%	3,525.3	14%	1,249.8	5%	2,366.5	3%	1,334.5
Ascends Laboratories SDN BHD.	0%		0%	-	0%		0%	
Ascend Laboratories SpA	0%	199.7	0%	32.1	0%	44.8	0%	0.0
Alkem Laboratories, Korea Inc	0%	-	0%	-	0%		0%	-
Pharmacor Ltd.	0%	-	0%	-	0%		0%	
S&B Pharma Inc.	3%	1,363.4	-5%	(409.7)	1%	261.2	0%	(168.1)
The PharmaNetwork, LLP	0%	139.8	0%	30.5	0%	49.2	0%	(54.8)
Ascend Laboratories (UK) Limited.	0%	13.3	0%	2.8	0%	13.5	0%	7.2
Total Eliminations	-21%	(9,829.3)	1%	117.8	-14%	(6,464.7)	0%	(94.1)
Minority Interest	3%	1,152.3	-1%	(126.4)	2%	950.2	0%	(106.4)
	<b>100%</b>	<b>45,828.7</b>	<b>100%</b>	<b>8,920.3</b>	<b>100%</b>	<b>37,869.8</b>	<b>100%</b>	<b>7,415.9</b>

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**3.46 a)** During the year ended 31 March 2017 the company has made following investments in subsidiaries:

- i) Company has contributed ₹ **67.9 Million** in wholly owned subsidiary in South Africa viz, "Alkem Laboratories (Pty) Limited" by way of a capital contribution.
- ii) Company has contributed ₹ **67.5 Million** in wholly owned subsidiary in Philippines viz, "Alkem Laboratories Corporation" by way of a capital contribution.
- iii) Company has contributed ₹ **57.1 Million** in wholly owned subsidiary in Kazakhstan viz, "The PharmaNetwork LLP, Kazakhstan:" by way of a capital contribution.
- iv) Company has contributed ₹ **250.0 Million** in partly owned subsidiary in India viz, "Cachet Pharmaceuticals Private Limited" by way of a capital contribution.
- v) Company has contributed ₹ **133.7 Million** in wholly owned subsidiary in Chile viz, "Ascend Laboratories SpA" by way of a capital contribution.
- vi) During the year, the Company has contributed ₹ **500.0 Million** and ₹ **532.6 Million** in wholly owned subsidiary in India viz, "Enzene Biosciences Limited" by way of a capital contribution and by way of conversion of loans and advances to equity respectively.
- vii) During the year, the Company has contributed ₹ **1,069.2 Million** and ₹ **480.4 Million** in wholly owned subsidiary in USA viz, "S&B Pharma Inc." by way of a capital contribution and by way of conversion of loans and advances to equity respectively.

## 3.47 Employee Stock option Scheme

### Enzene Biosciences Limited (Subsidiary)

As at 31 March 2017, the company has following share based payment arrangements for employees

#### ESOS 2016

This Scheme shall be called 'Enzene Employee Stock Option Scheme 2016' ("ESOS 2016"/"Scheme").

ESOS 2016 is established with effect from 15th January, 2016 on which the Shareholders have approved the Scheme by way of a special resolution and shall continue to be in force until (i) its termination by the Board, or (ii) the date on which all of the Employee Stock Options available for issuance under the ESOS 2016 have been issued and exercised, whichever is earlier. The plan entitles key management personnel and senior employees to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions; all exercised options shall be settled by physical delivery of shares.

The terms and conditions related to the grant of the shares options are as follows:

1	Date of Grant	03 March 2016
	Exercise price per Option	₹ 125.80
	Number of Options granted	145600
	Exercise period	2 years from the date of respective vesting
	Vesting Period	1 to 5 years from the date of grant as stated below
	Vesting Schedule	As mentioned below

#### Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting	Vesting based on time
03 March 2017	1 year from the date of grant	5.0%	5.0%
03 March 2018	2 years from the date of grant	15.0%	15.0%
03 March 2019	3 years from the date of grant	20.0%	20.0%
03 March 2020	4 years from the date of grant	30.0%	30.0%
03 March 2021	5 years from the date of grant	30.0%	30.0%
<b>Total</b>		<b>100%</b>	<b>100%</b>

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2	Date of Grant	27 January 2017
	Exercise price per Option	₹ 10
	Number of Options granted	56400
	Exercise period	2 years from the date of respective vesting
	Vesting Period	1 to 4 years from the date of grant as stated below
	Vesting Schedule	As mentioned below

## Vesting Schedule:

Date of Vesting	Vesting period after the date of grant (years)	Vesting	Vesting based on time
27 January 2017	1 year from the date of grant	15.0%	15.0%
27 January 2018	2 years from the date of grant	25.0%	25.0%
27 January 2019	3 years from the date of grant	30.0%	30.0%
27 January 2020	4 years from the date of grant	30.0%	30.0%
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>

## Share based payment expenses for the year

Name of Scheme	(₹ in Million)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
ESOS 2016	3.7	0.2
<b>Total Expenses recognised in "Employee benefit"</b>	<b>3.7</b>	<b>0.2</b>

## Reconciliation of outstanding share options

Particulars	No. of Options	
	31 March, 2017	31 March, 2016
Outstanding at 1 April	145,600	-
Granted during the year	56,400	145,600
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at 31 March	202,000	145,600

- The estimated grant-date fair value of Stock options granted under ESOS 2016(1) plan is ₹ 69.9
- The estimated grant-date fair value of Stock options granted under ESOS 2016(2) plan is ₹ 147.4

The fair values are measured based on the Black-Scholes-Merton formula. Expected volatility, an input in this formula, is estimated by considering historical average of share price volatility of peer companies. The Inputs used in the measurement of grant-date fair values are as follows:

	ESOS 2016 (1)	ESOS 2016 (2)
Fair value as on Grant Date of Equity Share	148	155
Compounded Risk-Free Interest Rate	7.7%	7.5%
Expected volatility	31.9%	31.9%

# NOTES

to the Consolidated Financial Statements

### 3.48 Government Grant

The Company is eligible for government grants which are conditional upon construction of new factories in the Sikkim region. One of the grants, received in 2014-15 amounted to ₹ **72.4 million** with respect to the Kumrek facility. The factory has been constructed and been in operation since August 2007. The second grant is with respect to Samardung facility in Sikkim amounting to ₹ **122.1 million** for which the Company has initiated the process for claim. The factory has been constructed and been in operation since October, 2012. These grants, recognized as deferred income, is being amortized over the useful life of the plant and machinery in proportion in which the related depreciation expense is recognised.

### 3.49 Asset Held for Sale

During the year, the Company has decided to sell land situated at Panoli GIDC, Gujarat, being no longer required for business purposes. Accordingly, the said land has been stated at its carrying value (being lower of its fair value less costs to sell) amounting to ₹ **18.2 Million** and is presented as "Asset held for sale" as on 31 March 2017. The Company has entered into a Memorandum of Understanding ("MoU") with the potential buyers for the sale of land.

**3.50** During the year ended 31 March 2016, considering future growth requirement of domestic business, the Company had commenced construction of new units at Sikkim which would be entitled for fiscal incentives including benefit under income tax. Further, Finance Act 2016 had partially extended income tax benefit on R&D expenditure up to fiscal year 2019-20. Considering that these factors could result in to lower utilisation of accumulated MAT credit entitlement to the extent of ₹ 834.1 million as at 31 March 2016, the Company had charged off MAT credit entitlement to the extent of ₹ 834.1 million under 'tax expense' in year ended 31 March 2016.

### 3.51 Disclosure for specified bank notes:

During the year, the Group had specified bank notes (SBNs) and other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 31st March, 2017, on the details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th December, 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars			(₹ in million)
	Specified Bank Notes (₹ 1000 and ₹ 500)*	Other Denominations Notes	Total
Closing cash in hand as on 8 November 2016	5.1	3.1	8.2
Add: Permitted receipts	-	10.7	10.7
Less: Permitted payments	-	9.5	9.5
Less: Amount deposited in banks	5.1	-	5.1
<b>Closing cash in hand as on 30 December 2016</b>	<b>-</b>	<b>4.3</b>	<b>4.3</b>

\*For the purpose of this clause '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 the 8th November, 2016.

### 3.52 Recent accounting pronouncements

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows' and Ind AS 102, "Share based payment". These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows' and IFRS 2, "Share-based payment" respectively. The amendments are applicable to the Company from 1 April 2017.

# NOTES

to the Consolidated Financial Statements

- a) The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.
- b) The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Group is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

As per our report of even date attached,

For and on behalf of the Board of Directors of Alkem Laboratories Limited  
CIN: L00305MH1973PLC174201

**For B S R & Co. LLP**

Chartered Accountants  
Firm's Registration No. 101248W/W-100022

**Sadashiv Shetty**

Partner  
Membership No. 048648

**Samprada Singh**

Chairman Emeritus  
DIN No.00760279

**M.K. Singh**

Director  
DIN No.00881412

**B.N. Singh**

Executive Chairman  
DIN No.00760310

**Prabhat Agrawal**

Chief Executive Officer

**B.P. Singh**

Director  
DIN No.00739856

**Rajesh Dubey**

Chief Financial Officer

**Manish Narang**

President - Legal & Company Secretary Sr.VP - Business Finance

**P.V.Damodaran**

Mumbai  
Date : 26 May 2017

Mumbai  
Date: 26 May 2017



## ALKEM LABORATORIES LIMITED

**Registered Office:** "Alkem House", Senapati Bapat Marg, Lower Parel, Mumbai – 400 013

**CIN:** L00305MH1973PLC174201

**Tel.:** +91 22 3982 9999 Fax: +91 22 2495 2955

**Email:** investors@alkem.com **Website:** [www.alkemlabs.com](http://www.alkemlabs.com)

## Notice

NOTICE is hereby given that the Forty Third Annual General Meeting of the Members of **Alkem Laboratories Limited** will be held on Friday, 8<sup>th</sup> September, 2017, at 10.30 a.m. at Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai - 400 018, to transact the following businesses:

### ORDINARY BUSINESS:

- To receive, consider and adopt:
  - the Audited Standalone Financial Statement of the Company for the Financial Year ended 31<sup>st</sup> March, 2017 and the Reports of the Board of Directors and Auditors thereon.
  - the Audited Consolidated Financial Statement of the Company for the Financial Year ended 31<sup>st</sup> March, 2017 and the Report of the Auditors thereon.
- To confirm the payment of interim dividend and to declare final dividend on equity shares for the financial year ended 31<sup>st</sup> March, 2017.
- To appoint a Director in place of Mr. Balmiki Prasad Singh (DIN 00739856), who retires by rotation and being eligible, offers himself for re-appointment.
- To ratify the appointment of M/s. B S R & Co. LLP, Chartered Accountants, Mumbai (Firm Registration No. 101248W/W-100022) pursuant to the resolution passed by the Members at the Fortieth Annual General Meeting held on 18<sup>th</sup> August, 2014, as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the Forty Fourth Annual General Meeting on such remuneration as may be agreed upon between the Auditors and the Board of Directors.

### SPECIAL BUSINESS:

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

**"RESOLVED THAT** pursuant to Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Record and Audit) Rules, 2014 (including any statutory modification(s) or enactments thereof, for the time being in force), the remuneration amounting to ₹ 8,50,000/- (Rupees Eight Lakh Fifty Thousand only) plus Service Tax and re-imburement towards the out of

pocket expenses at actuals upto ₹ 10,000/- (Rupees Ten Thousand only) incurred in connection with the audit by Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318), who was appointed by the Board of Directors of the Company as Cost Auditor to conduct audit of cost records maintained by the Company for the financial year ended 31<sup>st</sup> March, 2017, be and is hereby ratified."

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

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder read with Schedule IV of the Act, Dr. Dheeraj Sharma (DIN 07683375) who was appointed as an Additional Director of the Company w.e.f. 26<sup>th</sup> May, 2017 pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of requisite amount under Section 160 of the Act proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 26<sup>th</sup> May, 2017.

**RESOLVED FURTHER THAT** any one of the Directors or Company Secretary of the Company be and is hereby authorized to file the relevant forms, documents and returns with the office of the Registrar of Companies as per the applicable provisions of the Companies Act, 2013 and to do all acts, deeds and things as may be deemed necessary to give effect to the above resolution."

### Notes:

- The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business covered under item no. 5 and 6 to be transacted at the Annual General Meeting is annexed hereto. In respect of Resolutions at item no. 3 and 6, a statement giving additional information on the Directors seeking re-appointment/appointment is annexed hereto as required under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 read with Secretarial Standard – 2 on General Meetings.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. **PURSUANT TO SECTION 105 OF THE COMPANIES ACT, 2013, A PERSON CAN ACT AS A PROXY ON BEHALF OF NOT MORE THAN FIFTY MEMBERS AND HOLDING IN AGGREGATE, NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. MEMBERS HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY MAY APPOINT A SINGLE PERSON AS PROXY, WHO SHALL NOT ACT AS A PROXY FOR ANY OTHER MEMBER.**
4. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the time of the meeting.
5. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, certified copy of the relevant Board Resolution together with the respective specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the meeting.
6. Members, Proxies and Authorized Representatives are requested to bring to the meeting, the Attendance Slip sent along with the Annual Report duly completed and signed mentioning therein details of their DP ID and Client ID / Folio number.
7. Members are advised to make nomination in respect of their shareholdings in the Company. The Nomination Form can be downloaded from the Company's website [www.alkemlabs.com](http://www.alkemlabs.com). Members holding shares in physical form should file their nomination with M/s Link Intime India Private Limited, Company's Registrar and Share Transfer Agent whilst those Members holding shares in dematerialized mode should file their nomination with their Depository Participant.
8. Members are requested to contact Company's Registrar and Share Transfer Agent for encashing the unclaimed dividends standing to the credit of their account.
9. Members are requested to update their bank mandate / NECS / Direct credit details / name / address / power of attorney and update their Core Banking Solutions enabled account number:
  - For shares held in physical form: with the Registrar and Share Transfer Agent of the Company.
  - For shares held in dematerialized form: with the Depository Participant with whom they maintain their demat account.
10. Non-resident Indian Members are requested to immediately inform their Depository Participants (in case of shares held in dematerialized form) or the Registrar and Share Transfer Agent of the Company (in case of shares held in physical form), as the case may be, about:
  - the change in the residential status on return to India for permanent settlement;
  - the particulars of the NRE account with a bank in India, if not furnished earlier.
11. 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 electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to Company's Registrar and Share Transfer Agent.
12. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can send 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 Participant(s). Members who have not registered their email addresses with the Company are requested to submit their request with their valid email address to Company's Registrar and Share Transfer Agent or with the Depository Participant. Members holding shares in demat form are requested to register their email address with their Depository Participant(s) only. Members of the Company who have registered their email address are also entitled to receive such communication in physical form, upon request.
13. Members desiring any information relating to the Annual Report of the Company, can write to the Company Secretary at the Registered Office address or by sending an email to [investors@alkem.com](mailto:investors@alkem.com), at least seven days before the date of the Annual General Meeting.
14. A Route Map showing directions to the venue of the 43<sup>rd</sup> Annual General Meeting and nearby prominent landmark is given at the end of this Notice.
15. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which Directors are interested under Section 189 of Companies Act, 2013 will be kept open

for inspection at the Annual General Meeting. All the documents referred to in this Notice as well as in the Annual Report, will be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days up to the date of the Annual General Meeting.

16. Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is providing facility for voting by electronic means to all Members as of the cut-off date as per the applicable regulations and all the businesses contained in this Notice may be transacted through such voting. The e-voting facility is being provided through Central Depository Services Limited (CDSL). The instructions for Members for voting by electronic means are given below.

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

- (i) The voting period begins on 5<sup>th</sup> September, 2017 at 9.00 A.M. and ends on 7<sup>th</sup> September, 2017 at 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 i.e. 1<sup>st</sup> September, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. A person who is not a Member as on the cut off date should treat this Notice for information purpose only.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders / Members
- (iv) 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.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) 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.

- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
<b>PAN</b>	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 the Attendance Slip indicated in the PAN field.</li> </ul>
<b>Dividend Bank Details OR Date of Birth (DOB)</b>	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 (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN "170720003" for Alkem Laboratories Limited on which you choose to vote.
- (xii) 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.

- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed 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.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) 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 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.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions 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). Any person having any grievances in connection with remote e-voting may write to:
- Name: Mr. Mehboob Lakhani  
 Designation: Assistant Manager  
 Address: 16<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400001.  
 Email id: [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)  
 Phone number: 18002005533
- B. The e-voting rights of the Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date i.e. 1<sup>st</sup> September, 2017.
- C. A copy of this notice has been placed on the website of the Company and the website of CDSL.
- D. The Company has appointed CS Manish L. Ghia, Partner, M/s Manish Ghia & Associates, Practising Company Secretaries, Mumbai (Membership No. 6252) to act as the Scrutinizer, to scrutinize the entire e-voting / ballot voting process in a fair and transparent manner.
- E. The facility for voting through Ballot shall also be made available at the meeting to those Members who have not already cast their vote through remote e-voting.
- F. The Members who have casted their votes through remote e-voting prior to the meeting may also attend the Meeting but shall not be entitled to cast their vote again.
- G. The Scrutinizer shall submit his report to the Chairman of the Meeting. The Results declared along with the report of Scrutinizer shall be placed on the website of the Company [www.alkemlabs.com](http://www.alkemlabs.com) and on website of CDSL immediately after declaration of results by the Chairman or person authorized by him in this behalf.
- H. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of Annual General Meeting.

**Registered Office:**  
 "ALKEM HOUSE",  
 Senapati Bapat Marg,  
 Lower Parel,  
 Mumbai – 400013.  
 Place: Mumbai  
 Date: 26<sup>th</sup> May 2017

**By Order of the Board**  
  
**Samprada Singh**  
 Chairman Emeritus  
 DIN 00760279

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

### Item No.: 5

The Board of Directors at its Meeting held on 12<sup>th</sup> August, 2016, on recommendation of the Audit Committee, approved the appointment of Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318) as the Cost Auditor of the Company to conduct audit of cost records maintained by the Company for the financial year ended 31<sup>st</sup> March, 2017, at a remuneration of ₹ 8,50,000/- (Rupees Eight Lakh Fifty Thousand only) plus Service Tax and re-imburement at actuals subject to a limit of ₹ 10,000/- (Ten Thousand only) towards out of pocket expenses incurred for the purpose of the above audit.

In accordance with Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or enactments thereof, for the time being in force), the remuneration payable to Cost Auditor is required to be ratified by the Members of the Company. Accordingly, your consent is sought to the Resolution as set out at Item No. 5 for ratification of remuneration payable to Cost Auditor for the financial year 2016-17.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 5 of the Notice for your approval.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in aforesaid Resolution.

### Item No.: 6

The Board of Directors at its meeting held on 26<sup>th</sup> May, 2017, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("Act") and the Articles of Association of the Company, appointed Dr. Dheeraj Sharma as an Additional Director designated as Independent Director with effect from 26<sup>th</sup> May, 2017. Dr. Dheeraj Sharma shall hold office up to the date of the forthcoming Annual General Meeting and is eligible to be appointed as an Independent Director for a term of 5 years. The Company has received a notice under Section 160 of the Act from Member with the requisite amount proposing the candidature of Dr. Dheeraj Sharma for the office of Director.

Dr. Dheeraj Sharma is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

A brief profile of Dr. Dheeraj Sharma is as follows:

Dr. Dheeraj Sharma holds a doctoral degree with a major in marketing and a double minor in psychology and quantitative analysis from Louisiana Tech University. His primary research interests are "relationships" in business domain. Dr. Sharma is Director of Indian Institute of Management – Rohtak. He is also a Professor at Indian Institute of Management – Ahmedabad. He has taught at numerous educational institutions including University of North Texas, Louisiana Tech University, University of Winnipeg, Ball State University, Athabasca University and IIM Ahmedabad.

He explores relationships in the context of Workforce motivation, Behavioural Channel Theory, International Marketing Strategy, Personal Selling, Brand Management, Social Media Management and Ethics. Dr. Sharma is on the board of several organizations:

- Indian Railway Catering and Tourism Corporation Limited (IRCTC: Organization booking over 1.3 Million Railway Tickets Per day): Central Government appointed Independent Director.
- The Punjab State Cooperative Milk Producers Federation Limited (Punjab Milkfed: One of the Largest Milk Products Company in India): State government appointed Independent Director.
- Shalby Limited (One of largest Hospital Chains in India): Independent Director.

He has served as consultant or in advisory roles with Ministry of Home Affairs, Ministry of Defence, Ministry of Youth Affairs and Sports, Ministry of Commerce, Govt. of Gujarat, Govt. of Punjab and Govt. of Delhi. He has consulted or conducted training programs for a large number of multinational companies, national companies and various Government of India organizations.

In the opinion of the Board, Dr. Dheeraj Sharma, who is proposed to be appointed as an Independent Director of the Company for a period of 5 years, fulfils the conditions specified under Section 149(6) and Schedule IV of the Act. The Company has received a declaration of independence from him. Considering his vast experience, his presence on the Board will be of immense value to the Company.

Copy of the draft letter of appointment of Dr. Dheeraj Sharma as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Disclosure as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 and Secretarial Standard – 2 on General Meetings is given as Annexure to this explanatory statement.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 6 of the Notice for your approval.

None of the Directors, Key Managerial Personnel and/or their relatives except Dr. Dheeraj Sharma, is concerned or interested in the proposed resolution.

#### Registered Office:

"ALKEM HOUSE",  
Senapati Bapat Marg,  
Lower Parel,  
Mumbai – 400013.

Place: Mumbai

Date: 26<sup>th</sup> May 2017

#### By Order of the Board

**Samprada Singh**  
Chairman Emeritus  
DIN 00760279

## ANNEXURE TO ITEM NO. 3 AND 6 OF THE NOTICE

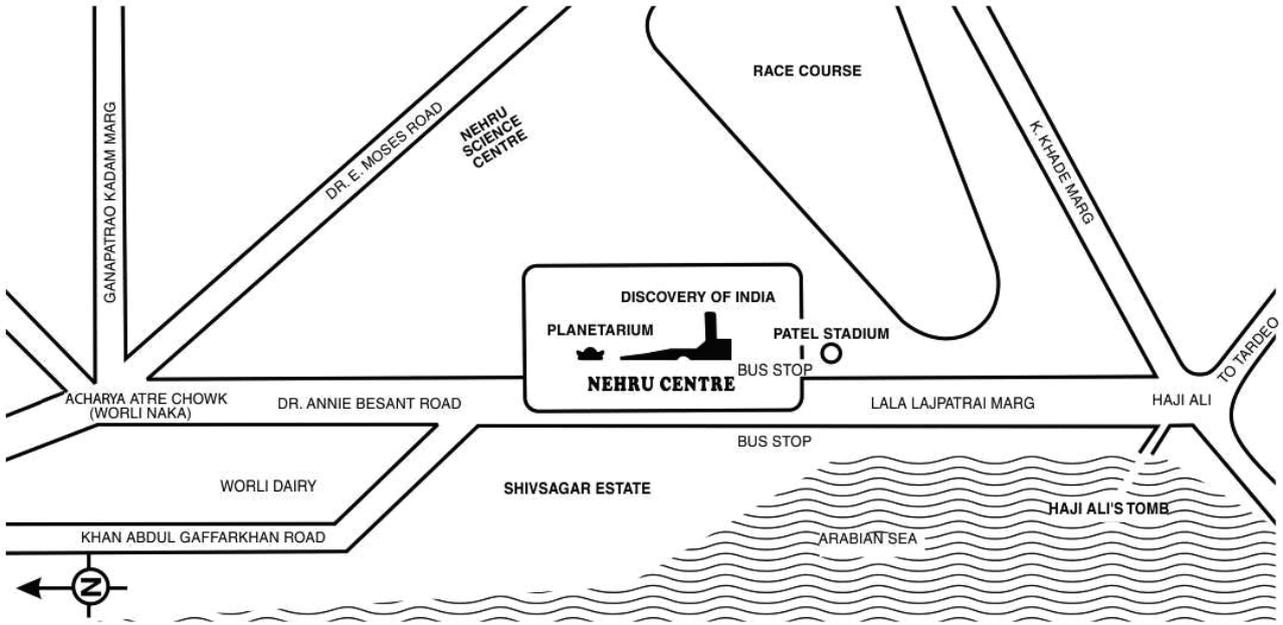
### Profile of Directors seeking re-appointment / appointment at the forthcoming Annual General Meeting

(in pursuance of Regulation 36 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Secretarial Standard - 2 on General Meetings)

#### Item No. 3 and 6

Name of Director	Mr. Balmiki Prasad Singh	Dr. Dheeraj Sharma
DIN	00739856	07683375
Date of Birth	26 <sup>th</sup> December, 1954	11 <sup>th</sup> July, 1976
Age	63 years	41 years
Qualifications	Intermediate in Commerce	Doctoral degree with major in marketing and double minor in psychology and quantitative analysis
Experience	Over 30 years	18 years
Expertise in specific functional area	Pharmaceutical	Marketing
Date of Appointment on the Board	Original Appointment: 25 <sup>th</sup> October, 1988 Appointment at current designation: 1 <sup>st</sup> April, 2010	Original Appointment: 26 <sup>th</sup> May, 2017 Appointment at current designation: 26 <sup>th</sup> May, 2017
Terms and conditions of appointment	On such terms and conditions as mentioned in the resolution passed in the EGM held on 16 <sup>th</sup> March, 2015.	As specified in the proposed resolution under item no. 6
Remuneration last drawn	₹ 27.2 Million for FY 2016-17	He shall be eligible for payment of Sitting fees for attending meetings of the Board and its Committees where he is a member and profit-linked commission which shall be decided by the Board from time-to-time.
Number of shares held in the Company as on 31 <sup>st</sup> March, 2017	71,595 Equity Shares of ₹ 2/- each	NIL
List of Directorships held in other companies (excluding foreign, private and Section 8 companies)	NIL	1. Indian Railway Catering and Tourism Corporation Limited 2. Shalby Limited
Chairmanship/Membership of Committees Audit and Stakeholders' Relationship Committees across Public Companies including Alkem Laboratories Limited	NIL	NIL
Relationship between Directors inter se	Son of Mr. Samprada Singh, Chairman Emeritus	NA
Number of Board Meetings attended during the year 2016-17 (Out of total 6 Board Meetings held)	3	NA

# ROUTE MAP



## Location Map of Nehru Centre





**ALKEM**

**ALKEM LABORATORIES LIMITED**

Regd. Office: "Alkem House", Senapati Bapat Marg, Lower Parel, Mumbai – 400 013

**Corporate Identity Number:** L00305MH1973PLC174201

Tel.: +91 22 3982 9999 Fax: +91 22 2495 2955

**E-mail:** investors@alkem.com; **Website:** [www.alkemlabs.com](http://www.alkemlabs.com)

**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) Rules, 2014]

Name of the member (s): \_\_\_\_\_

Registered address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Folio No/ Client Id: \_\_\_\_\_

DP ID: \_\_\_\_\_

I/We, being the member (s) of \_\_\_\_\_ shares of the above named Company, hereby appoint

1. Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_ E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_, or failing him/her

2. Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_ E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_, or failing him/her

3. Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_ E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 43<sup>rd</sup> Annual General Meeting of the Company, to be held on Friday, the 8<sup>th</sup> day of September, 2017 at 10.30 a.m. at Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai – 400018 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	Vote (Optional see Note 2)	
		For	Against
<b>ORDINARY BUSINESS</b>			
1	Receive, consider and adopt: a) the Audited Standalone Financial Statement of the Company for the Financial Year ended 31 <sup>st</sup> March, 2017 and the Reports of the Board of Directors' and Auditors' thereon;  b) the Audited Consolidated Financial Statement of the Company for the Financial Year ended 31 <sup>st</sup> March, 2017 and the Report of the Auditors thereon.		

Resolution Number	Resolution	Vote (Optional see Note 2)	
		For	Against
2	Confirm the payment of interim dividend and to declare final dividend on equity shares for the financial year ended 31 <sup>st</sup> March, 2017.		
3	Appointment of Mr. Balmiki Prasad Singh (DIN 00739856), who retires by rotation and being eligible, offers himself for re-appointment.		
4	Ratification of appointment of M/s. B S R & Co. LLP, Chartered Accountants, Mumbai (Firm Registration No. 101248W/ W-100022) as Statutory Auditors of the Company.		
<b>SPECIAL BUSINESS</b>			
5	Ratification of the payment of the remuneration to Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318), as Cost Auditor of the Company.		
6	Appointment of Dr. Dheeraj Sharma (DIN 07683375) as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 26 <sup>th</sup> May, 2017.		

Signed this ..... day of ..... 2017

\_\_\_\_\_  
Signature of shareholder

Affix Revenue Stamp
---------------------------

\_\_\_\_\_  
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. It is optional to indicate your preference. If you leave the "For" or "Against" column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.





# CORPORATE INFORMATION

## Board of Directors

**Mr. Samprada Singh**  
Chairman Emeritus

**Mr. Basudeo N. Singh**  
Executive Chairman

**Mr. Dhananjay Kumar Singh**  
Joint Managing Director

**Mr. Sandeep Singh**  
Joint Managing Director

**Mr. Balmiki Prasad Singh**  
Executive Director

**Mr. Mritunjay Kumar Singh**  
Executive Director

**Mr. Akhouri Maheshwar Prasad**  
Independent Director

**Mr. Ranjal Laxmana Shenoy**  
Independent Director

**Mr. Arun Kumar Purwar**  
Independent Director

**Ms. Sangeeta Singh**  
Independent Director

**Ms. Sudha Ravi**  
Independent Director

**Dr. Dheeraj Sharma**  
Independent Director

## Key Managerial Personnel

**Mr. Prabhat Agrawal**  
Chief Executive Officer

**Mr. Rajesh Dubey**  
President & Chief Financial Officer

**Mr. Manish Narang**  
President – Legal, Company Secretary and Compliance Officer

## Auditors

M/s BSR & Co. LLP, Chartered Accountants

## Bankers

Citibank N. A.  
HDFC Bank Limited  
Housing Development Finance Corporation Limited

HSBC Bank Limited  
Kotak Mahindra Bank Limited  
The Saraswat Co-op. Bank Limited  
State Bank of India  
YES Bank Limited  
DBS Bank Limited

## Registered Office

Alkem House, Senapati Bapat Marg, Lower Parel,  
Mumbai 400 013, Maharashtra, India  
**CIN:** L00305MH1973PLC174201  
**Telephone:** +91 22 3982 9999  
**Fax:** +91 22 2495 2955  
**Website:** www.alkemlabs.com  
**Email:** investors@alkem.com

## Registrar & Share Transfer Agent

M/s Link Intime India Private Limited  
Unit: Alkem Laboratories Limited  
C-101, 247 Park, L.B.S. Marg,  
Vikhroli (West), Mumbai - 400 083  
Phone: +91 22 49186270  
Fax: +91 22 49186060  
E-mail id: rnt.helpdesk@linkintime.co.in  
Website: www.linkintime.co.in

## Plants

1. Kachigam, Daman, India
2. Dabhel, Daman, India
3. Mandva, Gujarat, India
4. Ankleshwar, Gujarat, India
5. Baddi, Himachal Pradesh, India
6. Kumrek, East Sikkim, India
7. Samardung, South Sikkim, India
8. California, U.S.A.
9. Missouri, U.S.A.
10. Indchemie Health Specialities Private Limited, Somnath, Daman, India
11. Indchemie Health Specialities Private Limited, Amaliya, Daman, India
12. Indchemie Health Specialities Private Limited, Baddi, Himachal Pradesh, India
13. Indchemie Health Specialities Private Limited, Kumrek, East Sikkim, India
14. Cachet Pharmaceuticals Private Limited, Baddi, Himachal Pradesh, India
15. Cachet Pharmaceuticals Private Limited, South Sikkim, India

## Major Research Centres

1. R&D Centre, MIDC, Taloja, Maharashtra, India
2. Enzene Biosciences Limited, Pune, Maharashtra India
3. S&B Pharma Inc., California, U.S.A.
4. S&B Pharma Inc., Missouri, U.S.A.



**Registered Office**

Alkem House, Senapati Bapat Marg,  
Lower Parel, Mumbai 400 013, Maharashtra, India  
CIN: L00305MH1973PLC174201  
Telephone: 022-3982 9999  
Website: [www.alkemlabs.com](http://www.alkemlabs.com)